

# **DEPARTMENT OF ECONOMIC DEVELOPMENT**

## **Vision Statement**

To make Missouri the best place to live, work, vacation and conduct business

## **Mission Statement**

We will achieve our vision by stimulating and supporting economic security, opportunity, growth and a high quality of life in Missouri communities.

## **Department Values**

- Accountability -- we will embody the outcomes desired by our organization and its customers.
- Measurement -- we will measure our performance on outcomes and report our progress.
- Innovation -- we will develop innovative approaches, programs, and products to better achieve the desired outcomes.
- Customer Satisfaction -- we will proactively solicit end user expectations so that we design products that achieve total customer satisfaction.
- Empowerment -- we will promote a climate that values diversity in the workforce, that gives employees the ability to increase customer satisfaction and that provides universal access to products.

## **Strategic Issue #1 - Prosperous Missourians – Wealthy State**

Indicators of economic growth in Missouri are strong. Missouri's gross state product increased 4.2% in 1999 and exports increased to \$8 billion, up 8.5% from 1998. There was a 4% increase in employment from 1998 to 1999 while unemployment was down to 2.3% in May 2000 from 1999's average of 3.4%. From 1997 to 1998, personal income increased 3.8% and per capita income increased 2.3%. Missouri currently ranks 8<sup>th</sup> among states in the number of "gazelle" companies. These companies are responsible for 70% of net new jobs created. Missouri ranks 11<sup>th</sup> for growth in the biotechnology industry (Business Facilities magazine).

Two measures of Missouri's wealth are increased assessed valuation of communities and increased investment in Missouri by businesses. Investment in new or expanded business facilities and investment in new equipment and technology are key drivers creating new jobs and increased incomes for citizens of an area. New capital investment by a company, along with the number of new jobs created and the wages associated with those jobs, are key components of the net state economic impact of companies assisted through the Department. This state impact represents the amount of new state revenue to be collected as a result of economic development programs, thereby providing the state and local governments with additional funds to either a) spend to alleviate problems or make investments in improving the quality of life or b) to reduce taxes.

As Missouri enters a new century, it is positioned to become an international center of plant and human genome research, health care advances, environmental protection and agricultural development – all supported by a sophisticated transportation and information technology infrastructure, world-class research universities and a highly trained workforce. This Life Sciences industry supports increased salaries and wages and will increase the number of fast growing companies that have higher economic growth rates. For Missouri to continue to remain positioned to capitalize on this advantage, Missouri will need to build on and accelerated collaborative initiatives that increase mutual assistance among life sciences organizations and increase research and venture capital funding.

Venture capital continues to provide an opportunity to assist Missouri businesses. Venture capital provides many small businesses an equity financing opportunity when conventional methods, such as a bank or other lending institution, is not willing to provide a loan or investment. During 1999, \$283.5 million in venture capital was invested in 20 companies in Missouri, doubling the 1998 venture capital investment. This increased activity has caused several companies to raise venture capital funds to provide additional funding to Missouri businesses.

Through analysis of Missouri's existing industries, the Target Missouri project has identified 7 existing high-growth industry clusters in Missouri. These are advanced manufacturing, financial services, transportation services, agribusiness, biomedical/biotechnical, information and media, and tourism. Through proactive marketing directed at the existing and emerging industry clusters, Missouri will increase its success in attracting new investment by existing and new businesses.

The availability of a skilled workforce is critical to the success of economic development. As the Department aggressively recruits to attract high technology, high wage companies, it is essential that the skills of the workforce keep pace with the advancing skill set requirements. The expansion

of existing Missouri businesses is equally dependent on the continued development of a highly skilled and well-trained workforce. A skilled workforce provides the basis for increased productivity, which is crucial to profitability and increased earning power.

Employers face issues in keeping a trained workforce in three key areas. First, with the low unemployment rate and the pending retirements of an older workforce, there are more jobs than available workers. Second, the potential workers that are available lack technical skills and soft skills – such as communication, problem solving, math and reading. Finally with changing technology, the demand to keep existing workers skills current is growing daily, thus creating the continued need for incumbent worker training.

In FY99, Missouri ranked 15<sup>th</sup> in the nation with more than 35 million visitors and third in the nine-state Midwest region. In order to remain competitive, the state's share of marketing dollars must target new audiences within this market area, as well as new geographic areas. Leveraging state funds, the private sector partners have increased their promotions both in Missouri and out-of-state. Additionally, new tourism development funding should be considered, as many neighboring states offer financial incentives and funding opportunities to build new tourism product.

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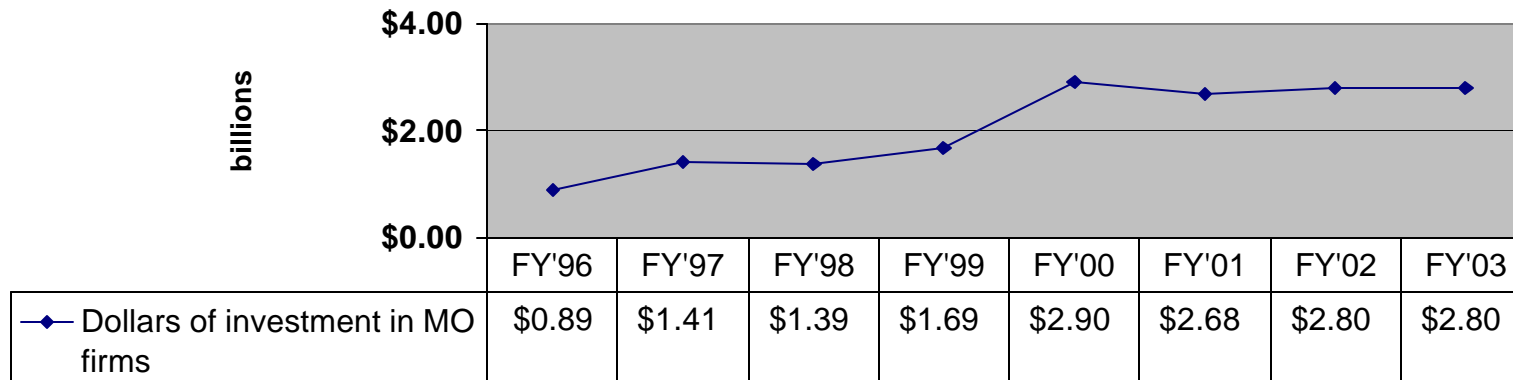
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## Goal #1 – Prosperous Missourians – Wealthy State

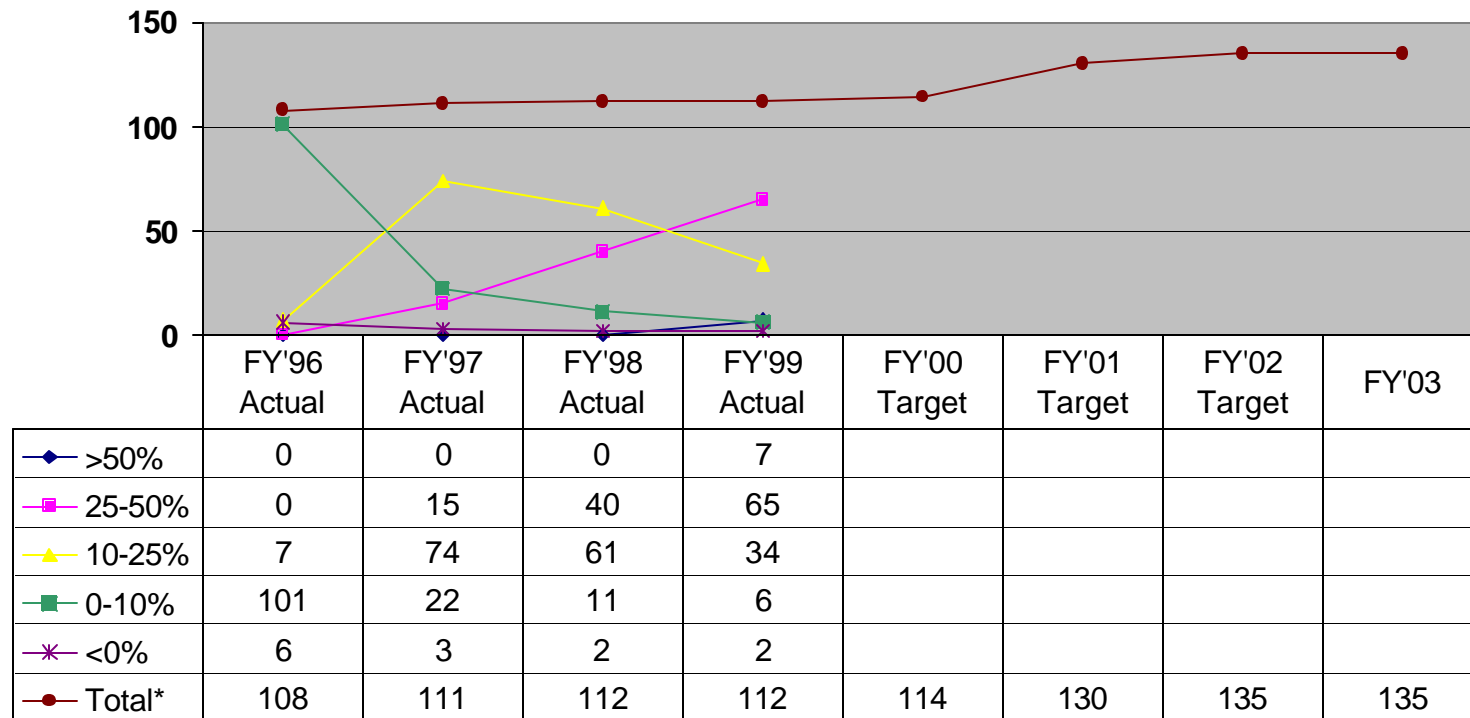
**OUTCOME:** Increase Missouri's wealth so that the economic and social needs of its citizens are met.

### Objective Measure #1 -- Increased number of dollars of investment in Missouri by firms



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
<p>Increased number of dollars of new investment in Missouri firms and farms. (Show Me Result #2)</p>	<p>Increased number of dollars of investment in Missouri by firms that use DED programs.</p> <p>Target: Increase by \$2.68 billion by 7/1/01</p>	<ul style="list-style-type: none"> <li>-For international trade missions provide the services of a Protocol Officer to provide logistical support and official presence during VIP visits</li> <li>-Provide the services of a trade specialist to manage increasing export interests by Missouri businesses as a result of the recent passage of Permanent Trade Relations</li> <li>-Develop "Automated Site Selection System"</li> <li>-Develop on line "Community Profile System"</li> <li>-Increase integration of workforce services across partner agencies</li> <li>-Implement New Enterprise Creation Act</li> <li>-Increase investment in Missouri by multi-national firms</li> <li>-Create a research park and build an industrial operation facility in Fort Leonard Wood</li> <li>-Improve research on competitor's incentives and taxes</li> <li>-Improve knowledge and skills of BEA project managers and incentives staff</li> <li>-Develop strategic marketing plan, web ads, trade draws, PR stories, impact trips, direct mail, special activities, etc.; target distressed areas</li> <li>-Improve DED incentives program</li> <li>-Improve partnership and effectiveness with local economic development partners</li> </ul>

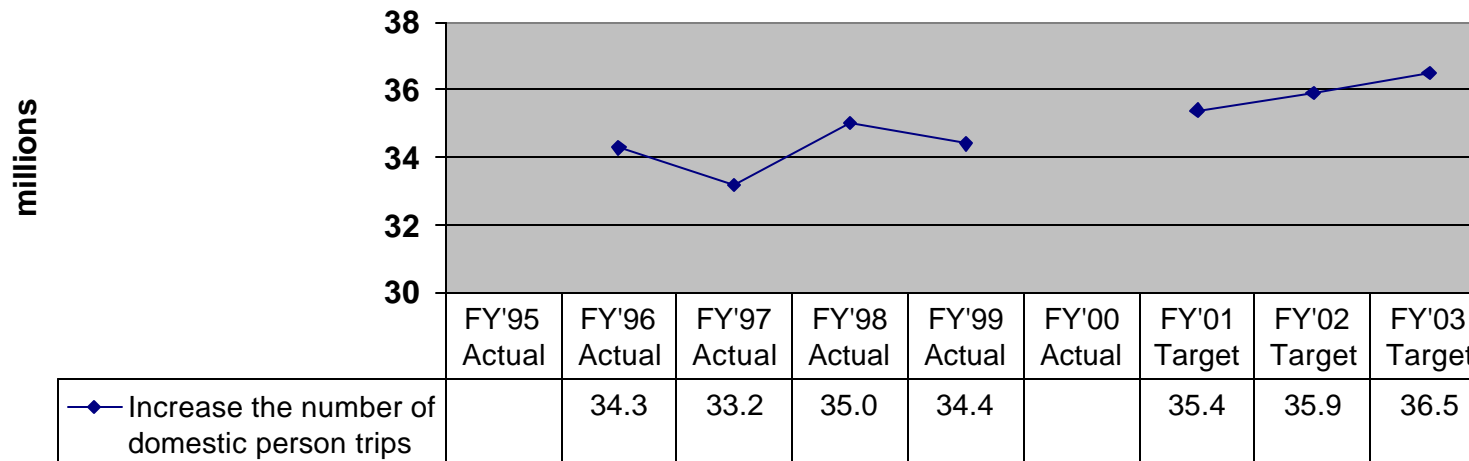
**Objective Measure #2 -- Increased number of communities  
experiencing an increase in their assessed valuation**



\*Total does not include number of communities with <0% movement.

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of communities experiencing an increase in their assessed valuation that use DED programs</p> <p>Target: Increase to 130 by 7/1/01</p>	<p>-Develop educational program for staff on community issues</p> <p>-Provide leadership for the collaborative effort to develop a smart growth strategy for the state of Missouri</p> <p>-Develop partnerships within DED for better integration and implementation of programs</p>

**Objective Measure #3 -- Increased number of domestic person trips**

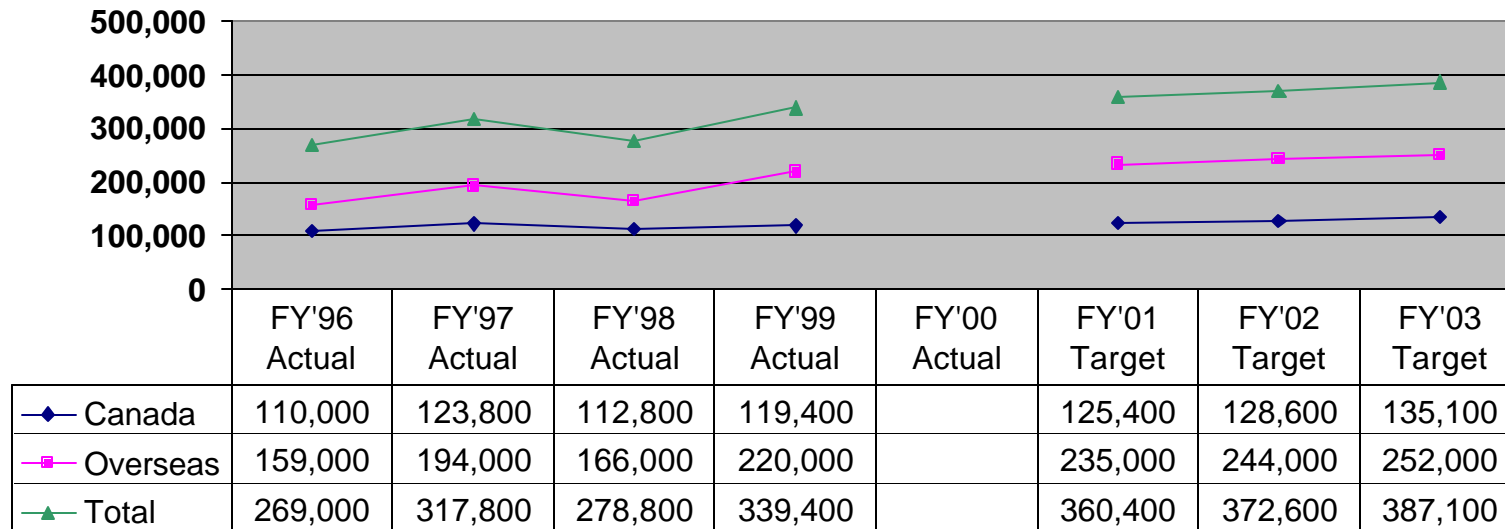


**Note: FY 2000 actuals available in January, 2001**

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of domestic person trips to Missouri</p> <p>Target: Increase by 35.4 million by 7/1/01</p>	<p>-Provide comprehensive research and support services for marketing initiatives</p> <p>-Promote Missouri through a research based advertising campaign</p> <p>-Provide information resources for customers</p> <p>-Maintain and increase awareness of tourism industry issues/concerns</p> <p>-Provide customer service and comprehensive tourism information</p> <p>-Identify cultural tourism needs and promote Missouri to the cultural tourist market</p> <p>-Promote Missouri to ethnic markets</p> <p>-Promote Missouri to travel trade industry</p> <p>-Promote Missouri to meeting and conference planners</p>



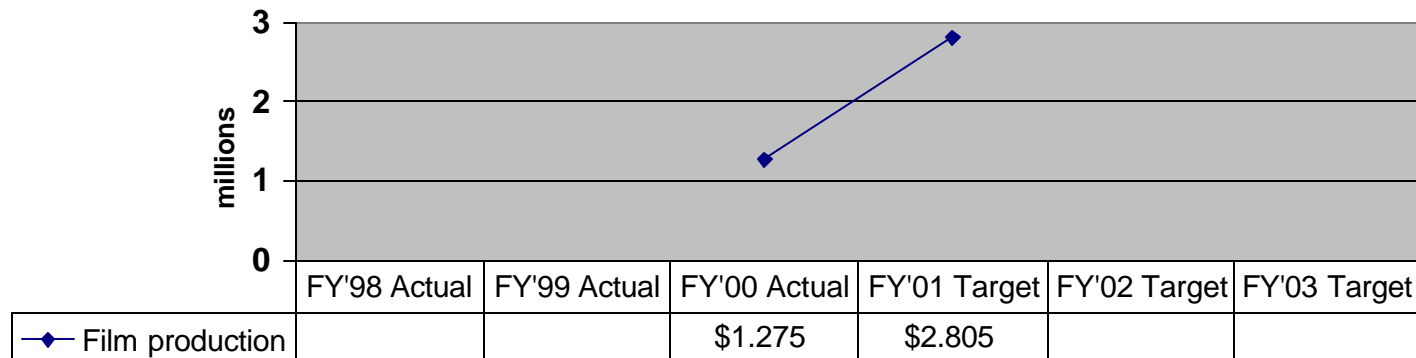
**Objective Measure #4 -- Increased number of international visitors to Missouri (Canada and Overseas)**



Note: FY 2000 actuals available in January, 2001

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of international visitors to Missouri through DED programs.</p> <p>Target: Increase to 360,400 by 7/1/01</p>	<p>-Develop strategies and tactics that are market specific and implement plans</p> <p>-Delineate and assign markets by region</p>

### Objective Measure #5 -- Increased film production revenues



Note: 3rd & 4th Qtrs. only, establishing a baseline

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	Increased film production revenues.  Target: Establishing baseline	-Develop a strategic marketing plan in-state and out-of-state (trade shows, movie scout program, marketing trips) -Improve partnerships with local film commission

## **Strategic Issue #2 – Prosperous Missourians – Families and Individuals**

In spite of the increases in personal income and per capita income, there are two significant groups of families and individuals – laid-off workers and workers with barriers to employment -- requiring assistance to enter or re-enter the workforce.

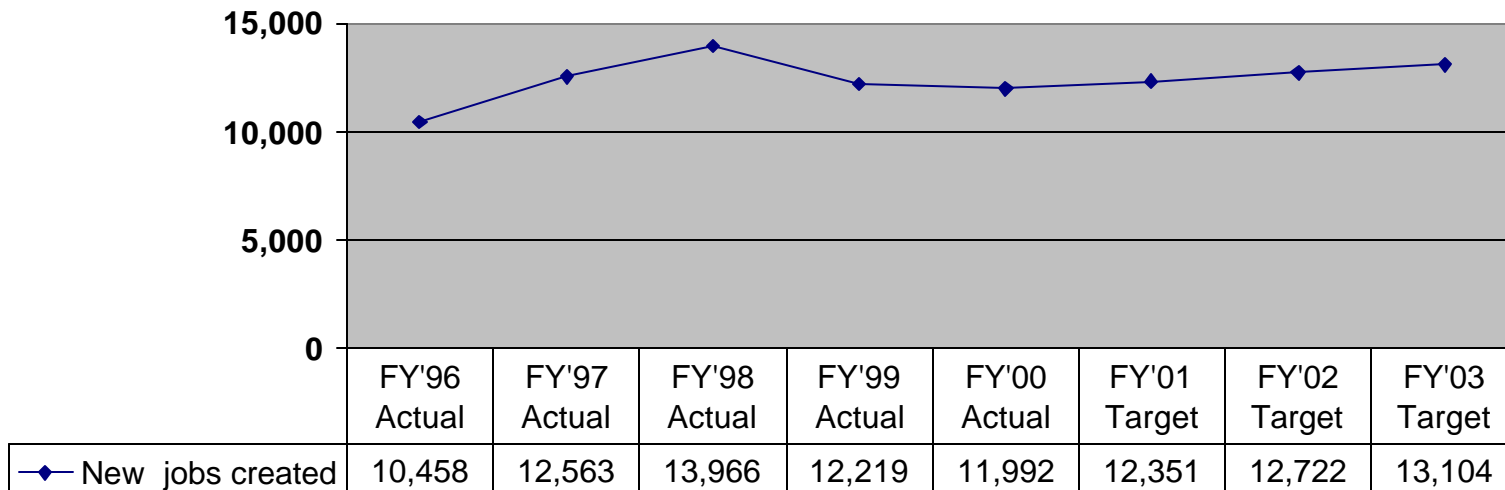
With low unemployment, difficult-to-serve becomes a universal issue. In FY99, over 30% of people seeking jobs who used the Department's programs were considered to be economically disadvantaged and more than 75% had only a twelfth grade education or less.

Since 1995, there has been a steadily increasing trend in the reported number of workers permanently laid off in Missouri to a high in 1997 of 12,437. In 1998, lay offs leveled at 10,360 and actually decreased slightly in 1999 to 8,127. However, the number of laid off workers for 2000 is projected to increase to approximately 11,500 with 9,871 laid off workers currently reported in Missouri through April 2000. 4,858 laid off workers have enrolled in local dislocated worker programs and an additional 2,846 have enrolled in state-sponsored dislocated worker programs through March 2000.

## Goal #2 – Prosperous Missourians – Families and Individuals

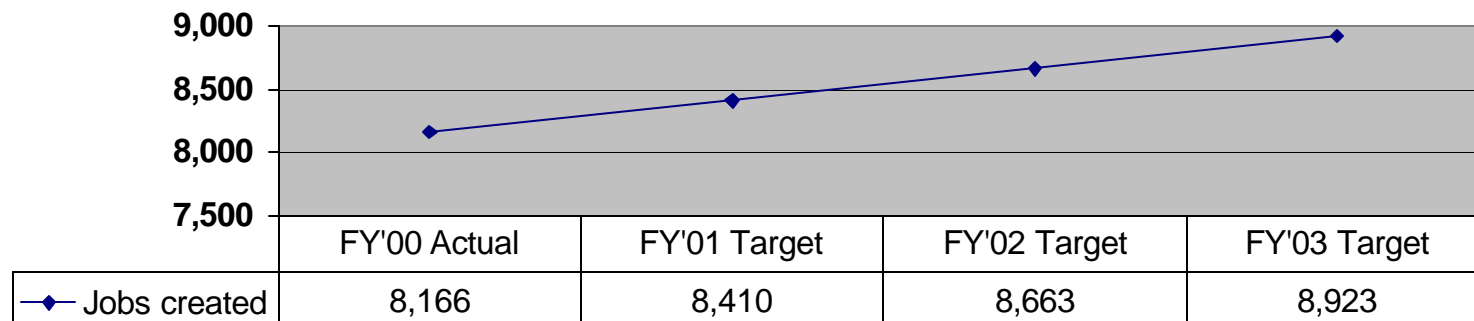
**OUTCOME`:** Increase number of prosperous families and individuals.

### Objective Measure #1 -- Increased number of new jobs created



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased number of jobs paying greater than \$10/hour. (Show Me Result #1)	<p>Increased number of new jobs created by firms that use DED programs.</p> <p>Target: Increase by 12,351 by 7/1/01</p>	<p>-Participate in Missouri Rural Opportunities Council/MASW Entrepreneurial Initiative</p> <p>-Improve internal integration of program delivery to increase program effectiveness for improved base of use by the customer</p>

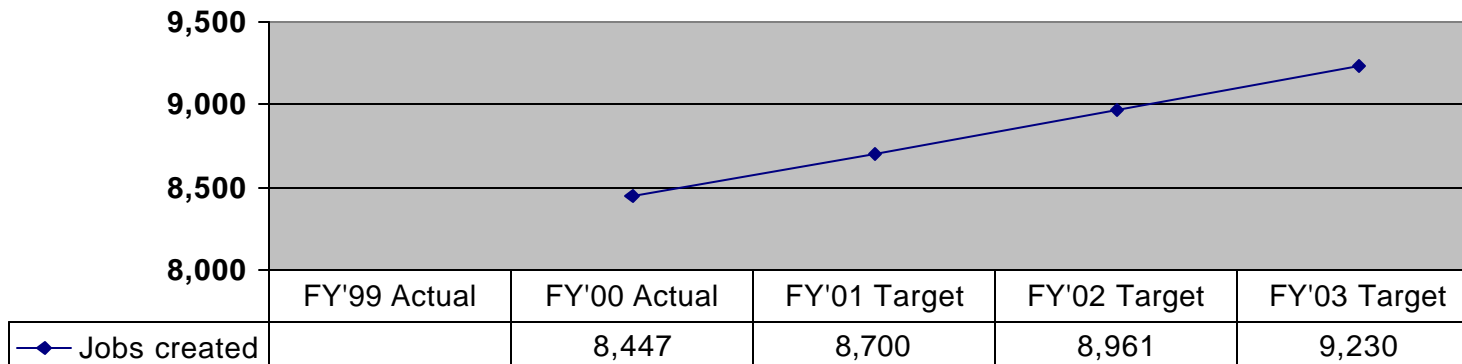
**Objective Measure #2 -- Increased number of jobs created at an average wage higher than \$10/hour**



N/A - not available

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of jobs created at an average wage higher than \$10/hour by firms that use DED programs.</p> <p>Target: Increase by 8,410 by 7/1/01</p>	<p>-Improve DED incentives program for companies</p> <p>-Develop strategic comprehensive marketing plan</p>

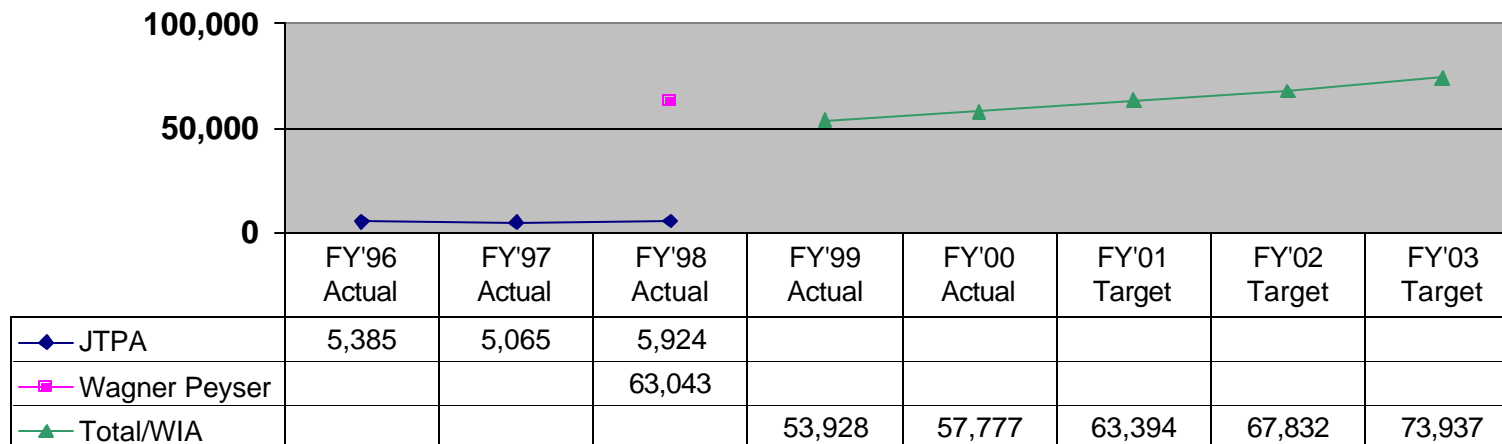
**Objective Measure #3 -- Increased number of jobs created at a wage higher than or equal to the county average**



N/A - not available

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of jobs created at a wage higher than or equal to the county average by firms that use DED programs.</p> <p>Target: Increase by 8,700 by 7/1/01</p>	-Improve research on competitor's incentives and taxes

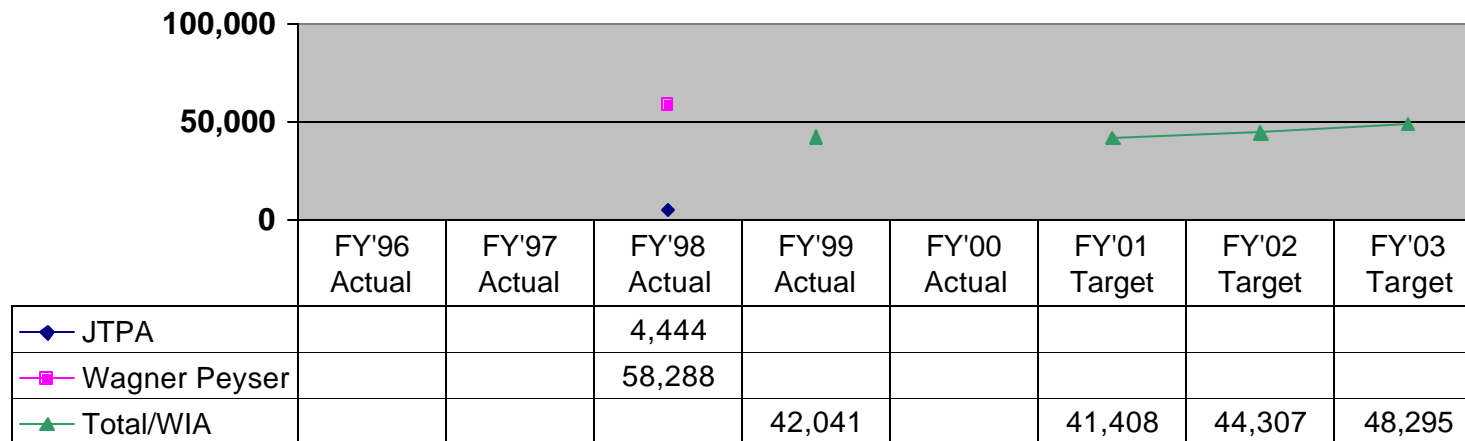
### Objective Measure #4 -- Increased number of people who get a job



FY'99 is total of JTPA and Wagner Peyser; FY'01 and FY'02 are WIA; FY'00 Quarters 1-3, does not contain 4th quarter

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased percentage of Missourians with incomes above 100% of the poverty level. (Show Me Result #7)	Increased number of people who get a job who use DED programs.  Target: Increase by 63,394 by 7/1/01	<ul style="list-style-type: none"> <li>-Continuously improve staff capacity, productivity and job satisfaction</li> <li>-Increase customer satisfaction and reduce barriers to service</li> <li>-Increase integration of workforce services across partner agencies</li> <li>-Effectively market the Division of Workforce Development and Missouri career centers as the agencies of choice for both job seekers and employers</li> <li>-Expand and enhance incentive services to target increased job opportunities and retention</li> <li>-Increase diversity of staff to mirror the diversity of Missouri's workforce</li> </ul>

**Objective Measure #5 -- Increased number of people who are still employed at 12 months (tracked at 3,6,9 and 12 months)**

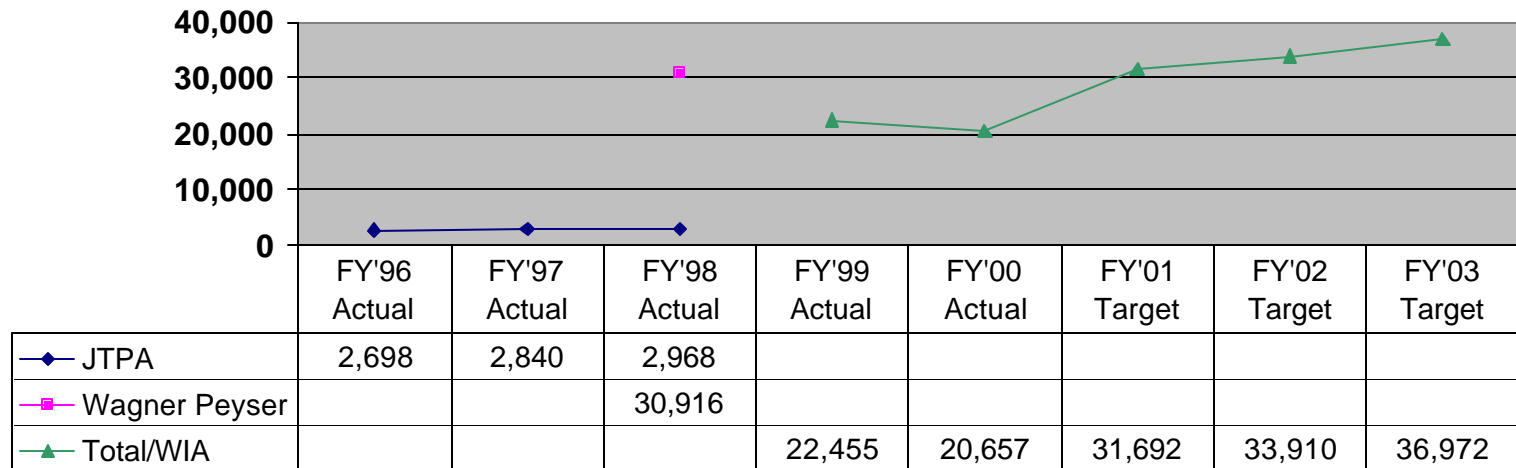


FY'99 number does not include fourth quarter people who have retained a job for 12 months; FY'01 and FY'02 are WIA

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of people who are still employed at 12 months (and above the poverty line.) who use DED programs.</p> <p>Target: Increase by 41,408 by 7/1/01</p>	-Same strategies as Objective Measure above



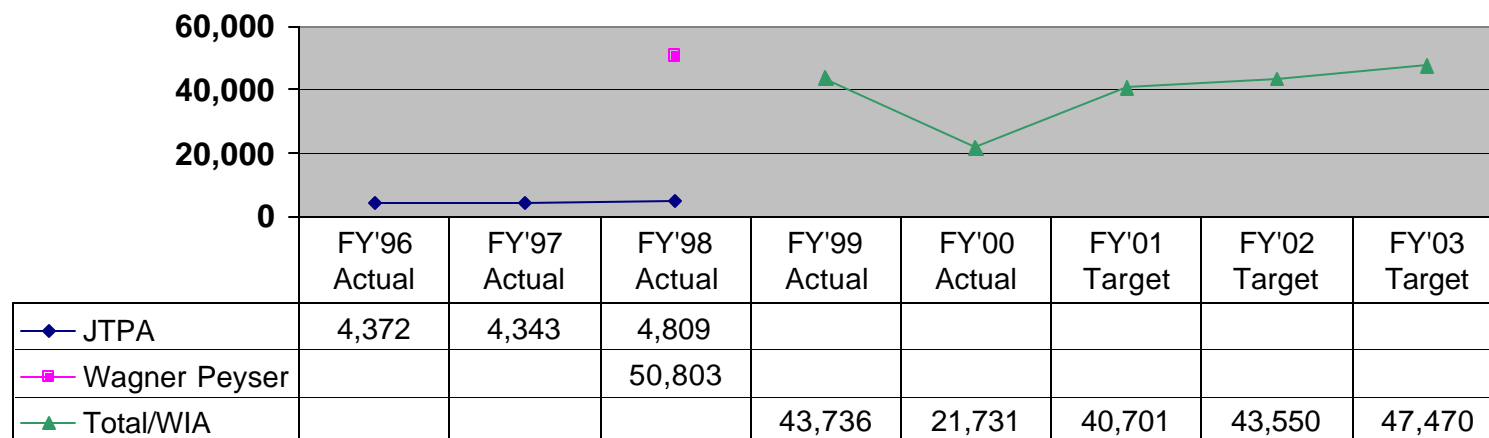
**Objective Measure #6 -- Increased number of people who get a job at a higher wage**



FY'99 is total of JTPA and Wagner Peyser; FY'01 and FY'02 are WIA; FY'00 Quarters 1-3, does not contain 4th quarter

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of people who get a job at a higher wage who use DED programs.</p> <p>Target: Increase by 31,692 by 7/1/01</p>	-Same strategies as Objective Measure above

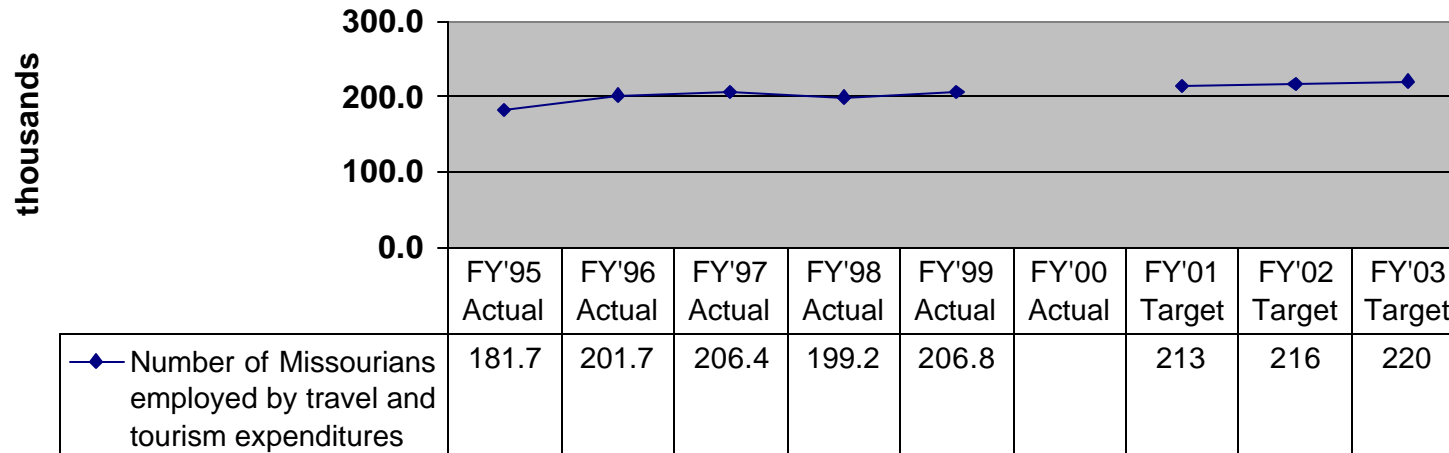
**Objective Measure #7 -- Increased number of people who move above the poverty line**



FY'99 is total of JTPA and Wagner Peyser; FY'01 and FY'02 are WIA; FY'00 Quarters 1-3, does not contain 4th quarter

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of people who move above the poverty line who use DED programs.</p> <p>Target: Increase by 40,701 by 7/1/01</p>	-Same strategies as Objective Measure above

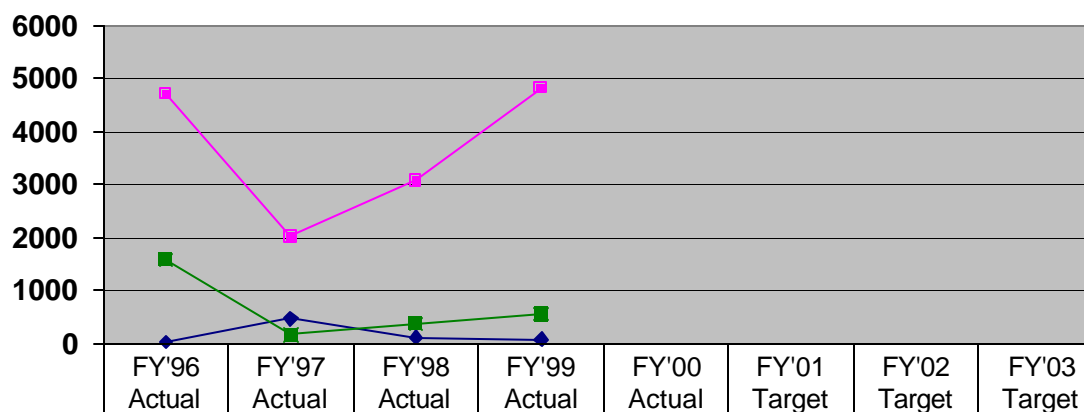
**Objective Measure #8 -- Increased number of Missourians employed  
by travel and tourism expenditures**



FY'00 numbers available annually only - Due Jan. '01

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of Missourian's employed from travel and tourism expenditures.</p> <p>Target: Increase by 213,000 by 7/1/01</p>	<p>-Increase number of domestic persons trips to Missouri</p> <p>-Increase number of International visitors to Missouri</p> <p>-Increase direct domestic tourism expenditures in Missouri</p>

**Objective Measure #9 -- Increased number of low income and homeless Missourians whose housing needs are met**



◆ Number of low income persons moving into adequate housing	12	456	111	72	N/A			
■ Number of homeless persons placed in temporary/transitional housing	4,716	2,014	3,070	4,820	N/A			
■ Number of low income persons retaining housing through temporary (emergency) assistance	1,575	159	363	546	N/A			

N/A - Not Available until Jan. '01

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	Increased number of low income and homeless Missourians whose housing needs are met.  Target: TBD	

### **Strategic Issue #3 – Prosperous Missourians – Communities**

In spite of Missouri's overall economic success, there are areas within the state that continue to experience high unemployment rates, poverty, and population loss. These communities do not have the resources to reverse these trends and do not have the necessary infrastructure or workforce to attract new businesses or business expansions to their communities. Through legislation passed in 1998, the Department has identified 214 distressed communities and an additional 441 distressed census areas within Missouri to receive special incentives designated by legislation. In addition, the Department has targeted 556 zip code areas for targeted community development assistance. These zip code areas for targeted assistance were identified through an economic index of community vitality developed by the University of Missouri.

The following examples highlight the need for assistance to communities:

- ❑ St. Louis City's unemployment rate is currently 5.3%, over twice the state average.
- ❑ St. Louis' poverty rate in 1995 was estimated at 29.5%, Kansas City's at 17.5%, Springfield's at 17.1%, Joplin's at 16.9% and Columbia's at 15.7%. The estimated poverty rate in Missouri is 13.5%.
- ❑ Some cities suffered significant population losses at a time when the overall national and state populations increased. St. Louis City lost 14.5% of its population from 1990 to 1998; St. Joseph 3%.

Areas of rural Missouri have also been mired in poverty and unemployment for many years. Unlike cities, poverty in rural Missouri is generally more dispersed and usually not found in large concentrations. It is often symptomatic of a region's narrow economic base and is reflective of isolation from the investment of capital that plays a distinct role in shaping prosperity. For example:

- ❑ Rural Northern Missouri and counties in the Bootheel continue to lose population. Holt County lost 8.5% of its population and Mississippi lost 8.3%.
- ❑ 42 counties had an estimated poverty level of greater than 20% in 1995. These counties include Carter at 32.4%, Mississippi at 34.3%, and Pemiscot at 44.2%.
- ❑ 22 counties had unemployment rates 1 and 1/2 times higher than the state average. Counties with the highest unemployment rates are Texas at 8.8% and Wayne at 7.8%.

In addition, our rural areas are also more isolated from the diversity of institutions and networks that can mobilize responses to the complex problems of poverty and joblessness. These governments, businessmen, community foundations, local nonprofits, and other indigenous institutions that are readily accessible in major metropolitan communities must also be available in rural areas to improve conditions.

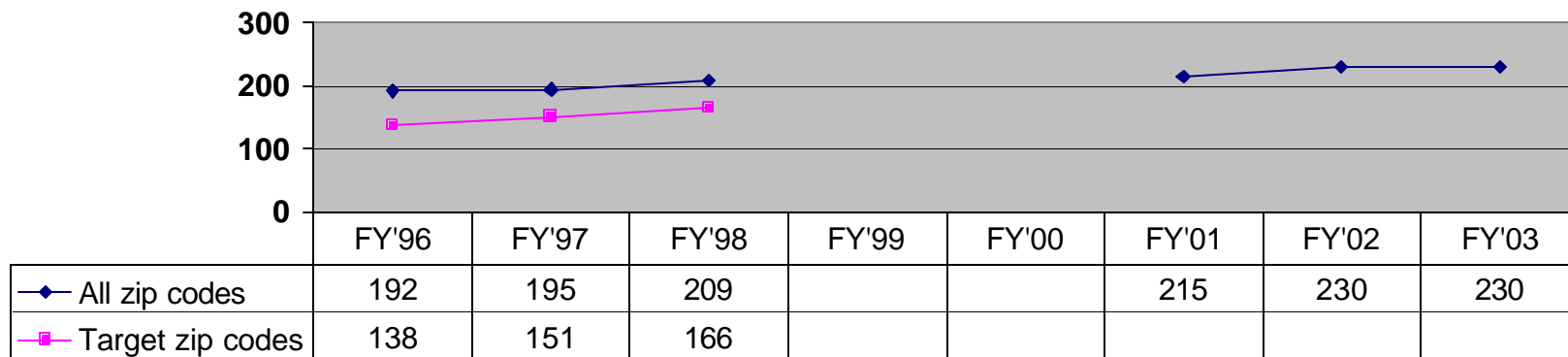
Smart growth continues to be an issue with the booming economy. In order for community and economic growth to be successful in this strong economy, communities must plan for smart growth that is efficient and effective. Assistance for communities in their strategic planning process is needed to help them vision, set goals, and achieve results in a manner conducive to redevelopment and maximum reutilization of land.

The arts are an important component in assessing the quality of life in any community. Businesses and their employees seek cultural opportunities when searching for new communities in which to headquarter or expand operations. Arts organizations are often social hubs in communities and create centers of interaction among the citizens of communities who are seeking creative outlets for their recreational time. State arts agencies are catalysts that drive arts organizations to seek out opportunities for creative presentations. Demand for assistance far exceeds supply. In FY'99, the Missouri Arts Council's budget was \$5.1 million with over \$11 million requested by local arts organizations in support of their programs. The growth of requests in the state has been rapid. In FY'98, the agency made grants to 574 organizations. In FY'99, the number rose to 675.

### Goal #3 – Prosperous Missourians – Communities

**OUTCOME:** Increase number of dynamic, self-sufficient communities with economic vitality and high quality of life.

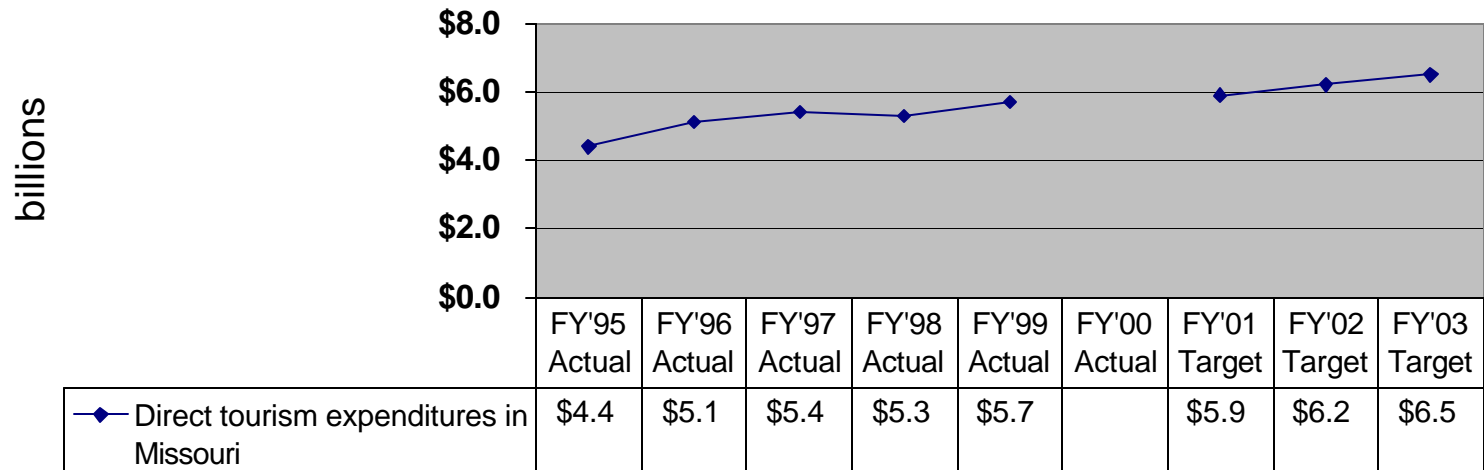
#### Objective Measure #1 -- Increased number of communities that move above an economic standard index



FY'99 data available in 2001; FY'00 data available in 2002

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Decreased number of communities with a high concentration of poverty. (Show Me Result #8)	<p>Increased number of communities (zip code areas) that move above a community self-sufficiency index.</p> <p>Target: Increase to 215 by 7/1/01</p>	<p>-Develop education program for staff on community issues</p> <p>-Improve internal integration of program delivery to increase program effectiveness for improved ease of use by the customer</p> <p>-Implement the listening team process for communities</p> <p>-Assist target communities to complete a community assessment and develop a community action plan</p> <p>-Develop plan for implementation of Mississippi Delta Commission</p>

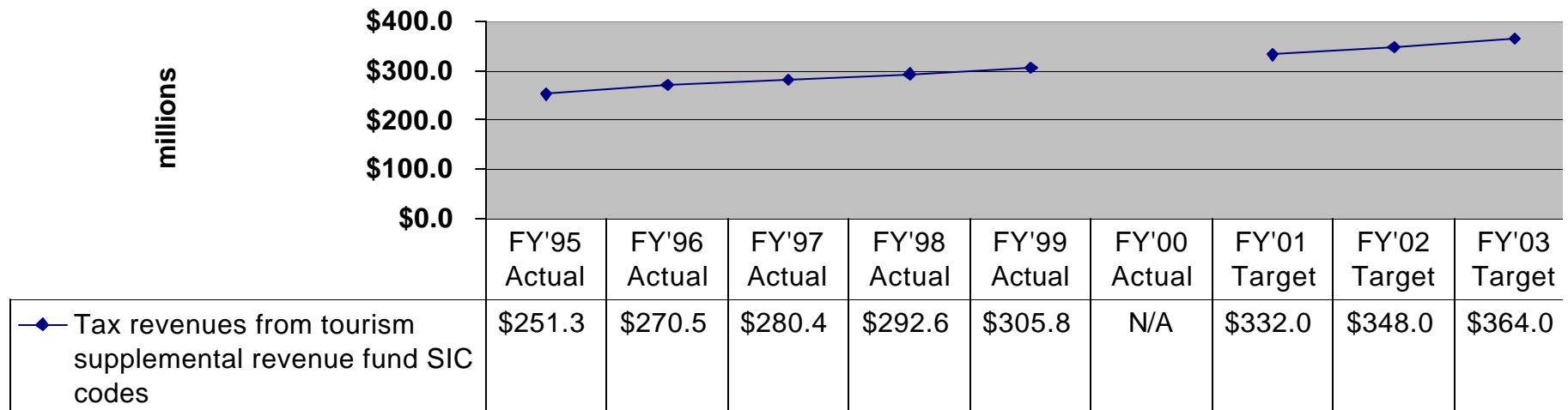
**Objective Measure #2 -- Increased direct domestic tourism expenditures in Missouri**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased number of dollars of new investment in Missouri firms and farms. (Show Me Result #2)	Increased direct domestic tourism expenditures in Missouri.  Target: Increase by \$5.9 billion by 7/1/01	-Increase number of domestic person trips to Missouri -Increase number of international visitors to Missouri



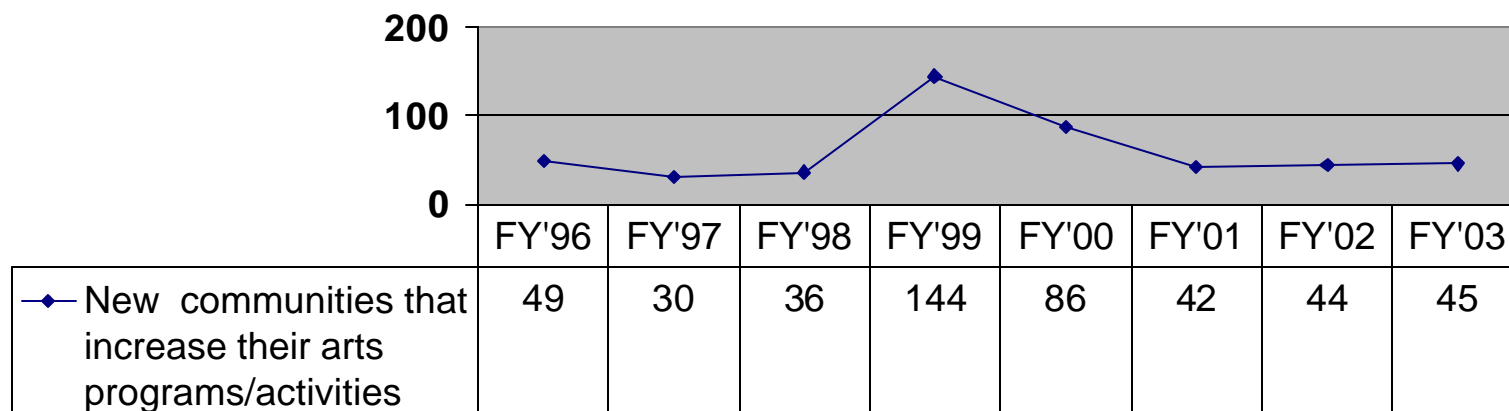
**Objective Measure #3 -- Increased tax revenues from tourism  
SIC codes**



N/A - Not available until January '01

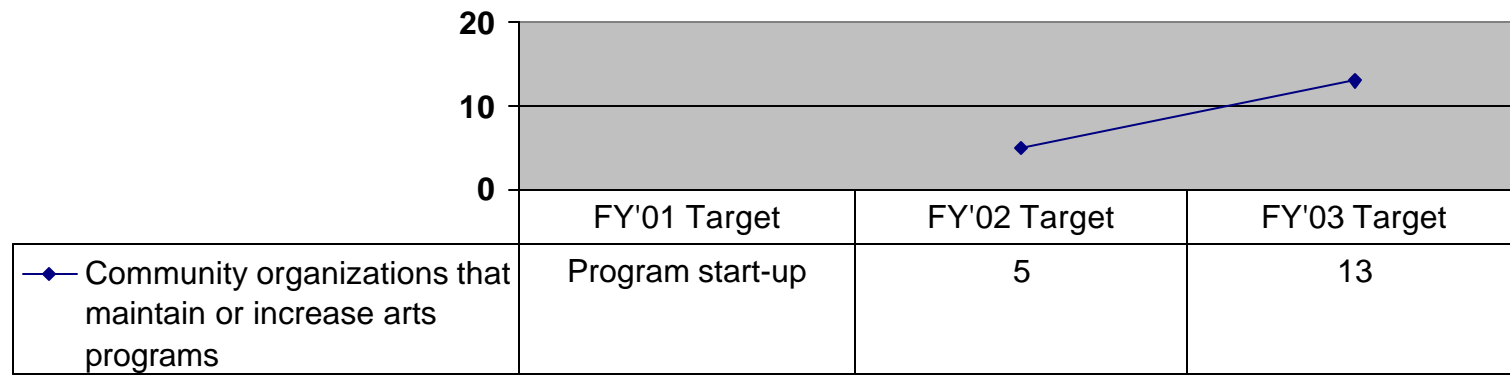
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased tax revenue from tourism SIC code.</p> <p>Target: Increase by \$332.0 million by 7/1/01</p>	<p>-Increase number of domestic person trips to Missouri</p> <p>-Increase number of international visitors to Missouri</p> <p>-Increase direct domestic tourism expenditures in Missouri</p> <p>-Provide tourism marketing opportunities for Missouri communities</p>

**Objective Measure #4 -- Increased number of new communities or arts organizations that present arts programs as a result of MAC funding**



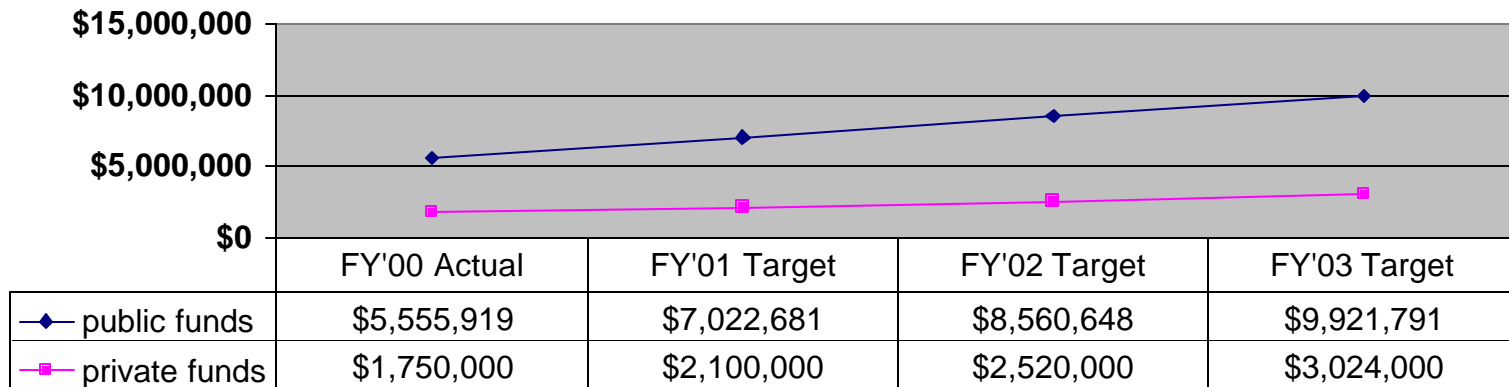
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of new communities or arts organizations that present arts programs as a result of MAC funding.</p> <p>Target: Increase by 42 by 7/1/01</p>	<p>-Promote the artist as a significant resource for community development and revitalization, educational reform and economic development</p> <p>-Proactively pursue partnerships that advance the development of the arts in Missouri</p> <p>-Provide flexible, ongoing opportunities for support to non-profit organizations that provide art services designed to address special needs and constituencies</p> <p>-Increase the visibility and media coverage of MAC and the arts in the public eye</p>

**Objective Measure #5 -- Increased community or arts organizations  
that maintain or increase arts programs through Arts Council  
Organizational Development Program**



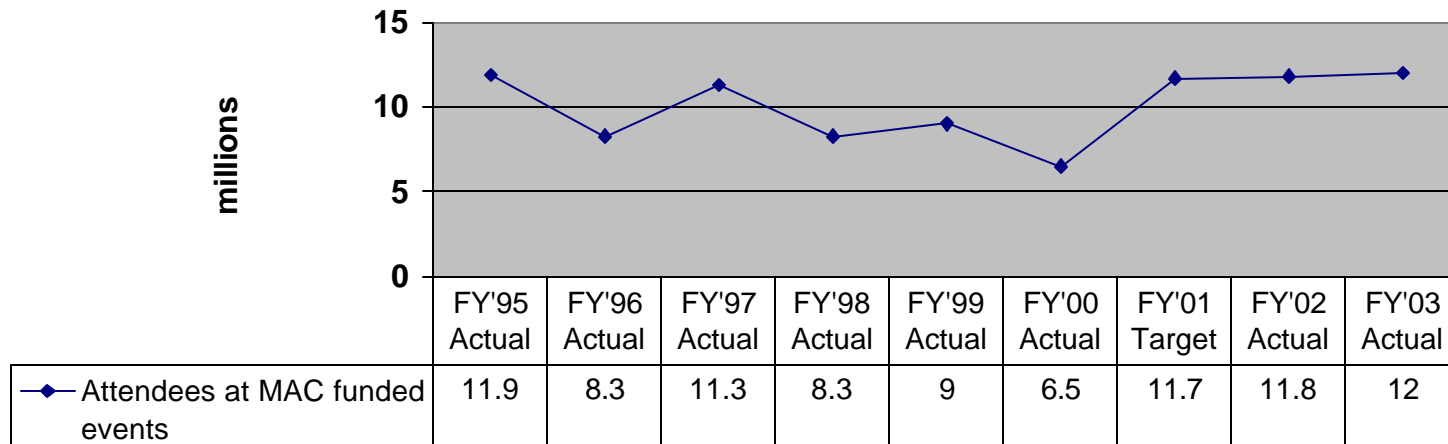
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased productivity of Missouri firms and farms. (Show Me Result #3)	<p>Increased community or arts organizations that maintain or increase their arts programs through Arts Council Organizational Development Program.</p> <p>Target: Program start up</p>	-Develop programs that highlight and share the cultural heritage and resources of Missouri

**Objective Measure #6 -- Increased amount of dollars to the Trust Fund  
(Arts) for sustaining community arts programs**



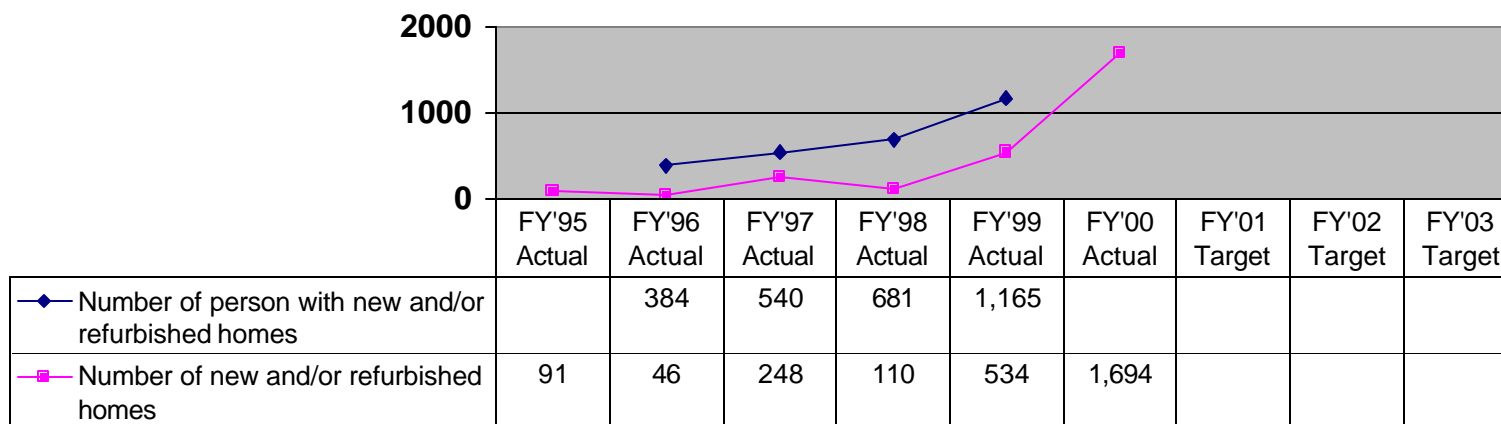
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased amount of dollars to the Trust Fund (Arts) for sustaining community arts programs.</p> <p>Target: Increase private funds to \$2,100,000 by 7/1/01</p> <p>Target: Increase public funds to \$7,022,681 by 7/1/01</p>	-Implement the cultural tourism plan

**Objective Measure #7 -- Increased number of attendees at MAC funded events**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of attendees at MAC funded events.</p> <p>Target: Increase by 11.7 million by 7/1/01</p>	-Establish ongoing avenues for communications between MAC and key constituents in the state

### Objective Measure #8 -- Increased number of new and/or refurbished homes



1998 is REAP numbers only

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of new and/or refurbished homes.</p> <p>Target: TBD</p>	

## **Strategic Issue #4 – Prosperous Missourians – Profitable Businesses**

In order to keep Missouri's economy strong and growing, there must be assistance for current industries to increase sales and improve profitability. Significant opportunities to increase sales exist in assisting Missouri businesses to increase exports and capitalize on significant growth markets.

Current export trends show that the majority of Missouri exports are sold to Canada, Mexico, Belgium, United Kingdom, Japan, Germany, Brazil, Argentina, Australia, and Finland. With the recent passage of Normal Trade Relations Status with China and the Africa Trade and Opportunity Act, there are significant growth markets for exporting that include South Africa, West Africa, and China. New to market and experienced Missouri exporters are requesting assistance in developing contacts and sales in these new markets. The rate of increase for requests for assistance in exporting to China has risen from less than 1 per month to 15 per month. Export opportunities and internet for Africa are still developing.

Technology continues to significantly impact an employer's ability to be profitable and competitive. High technology firms create 25% of new jobs. Of an employer's total investment, 25% is in technology. DED's Mid-America Manufacturing Technology Centers worked with approximately 10% of Missouri manufacturers during FY'99. Those manufacturers reported \$11 million in cost savings as a result of improvements in the use of technology. The continued upgrading of technology used by Missouri's businesses will result in cost savings and improved profitability.

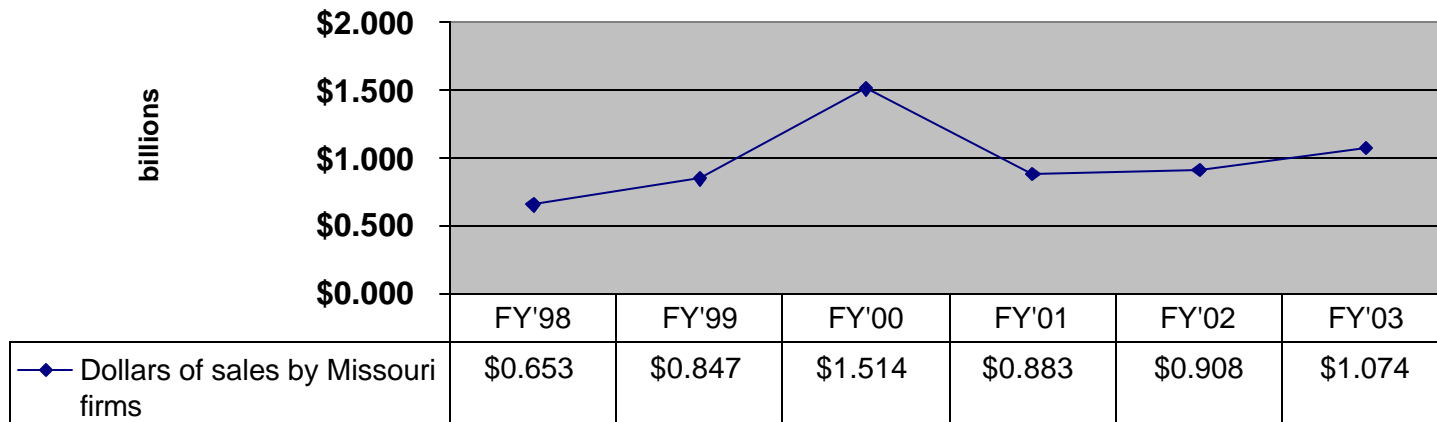
Whether it's business-to-business or business-to-consumer, a web presence is quickly becoming a must for all businesses. In the past, Missouri's small businesses have faced primarily local or regional competition, but in the new world of e-commerce, their competition is global. It is imperative that Missouri's small businesses aggressively analyze their markets and institute an appropriate web presence for their business and customers. Without development of e-commerce, Missouri faces the possibility of loss of revenue and businesses.

Fort Leonard Wood Base Realignment and Closure will review all military bases in the nation and identify bases that can be scaled back or closed. Both Fort Leonard Wood and Whiteman Airforce Base could be threatened.

## Goal #4 – Prosperous Missourians – Profitable Businesses

**OUTCOME:** Increased profitable businesses that create economic growth and opportunity for Missouri citizens.

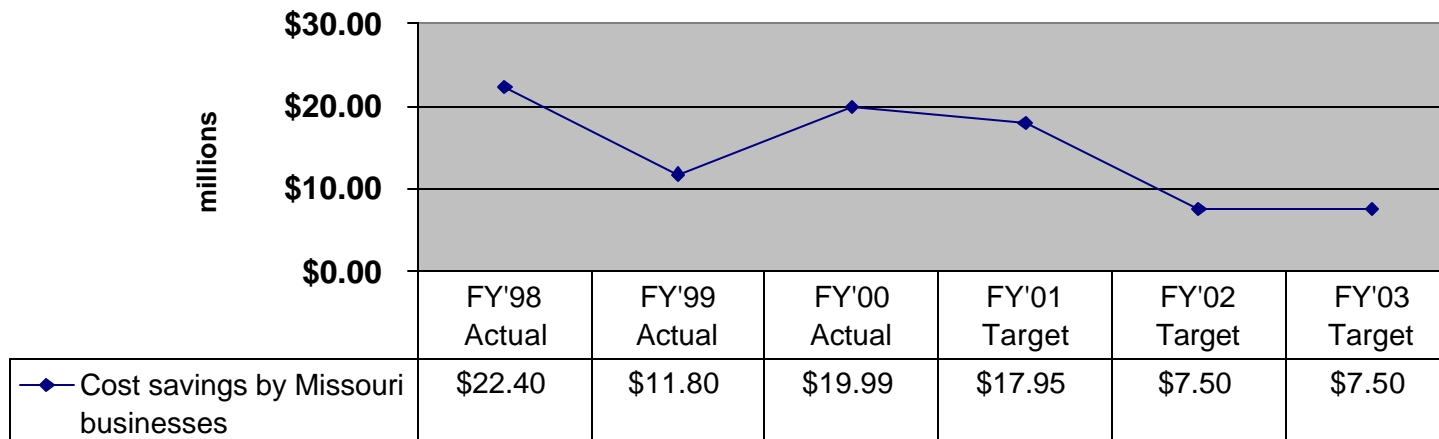
### Objective Measure #1 -- Increased number of dollars of sales by Missouri firms



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of dollars of sales by Missouri firms who use DED programs.</p> <p>Target: Increase by \$884.2 million by 7/1/01</p>	<p>-Establish Canadian representation for Missouri products</p> <p>-Utilize e-commerce funding through NIST/MEP to assist businesses to develop/expand</p> <p>-Provide the services of a trade specialist to manage increasing export interest by Missouri businesses as a result of the recent passage of Permanent Trade Relations</p>



**Objective Measure #2 -- Increased dollars of cost savings by Missouri businesses**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased productivity of Missouri firms and farms. (Show Me Result #3)	<p>Increased dollars of cost savings by Missouri firms who use DED programs.</p> <p>Target: Increase by \$5.1 million by 7/1/01</p>	-Leverage additional federal funds to assist businesses in solving manufacturing process problems through increased e-commerce state funding

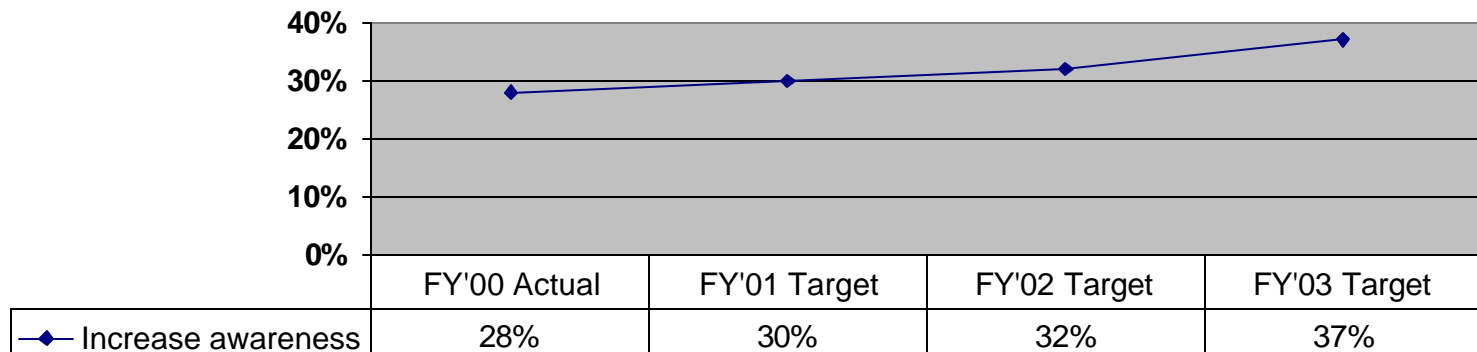
## Strategic Issue #5 – Informed Missourians

As utility markets are increasingly opened to competition, utility consumers will be faced with a greater burden of choice. A recent survey conducted by the University of Missouri found that only 35% of Missourians are aware of the current debate to restructure the state's electric market. 44% of Missourians did not know who to call for assistance with their utility services, other than the utility company. One-third of all respondents had no knowledge of the Public Service Commission and over 70% had no knowledge of the Office of Public Counsel.

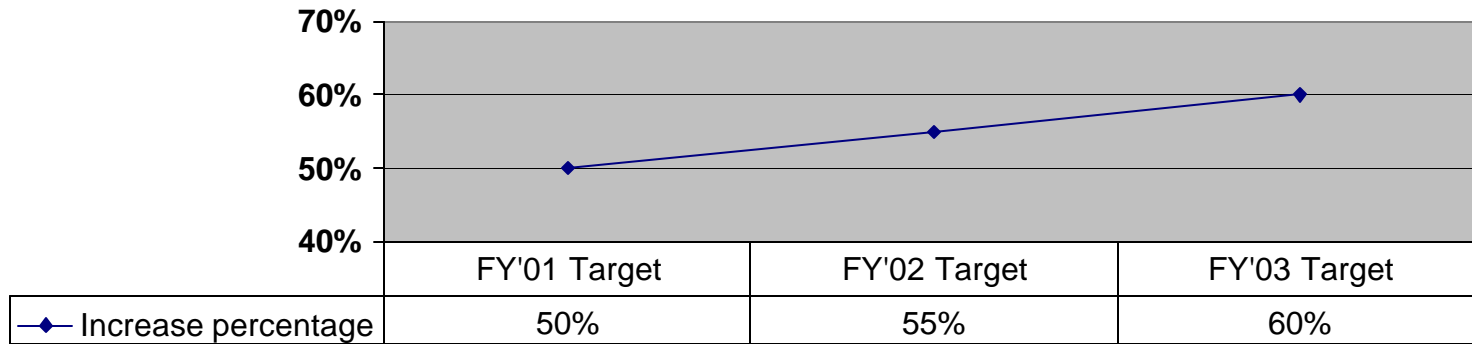
### Goal #5 – Informed Missourians

**OUTCOME:** Increase Missourians knowledge about public and professional services so that they may make informed choices.

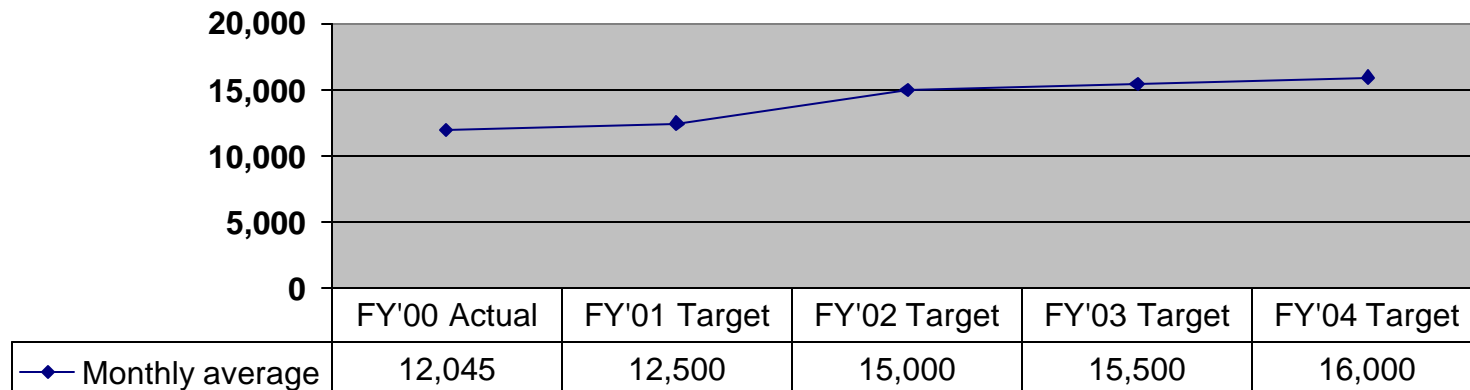
#### Objective Measure 1a -- Increased percentage aware of services of OPC



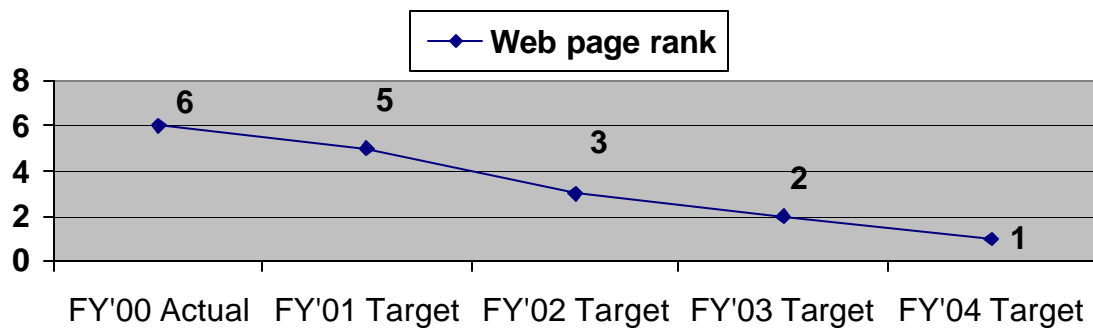
**Objective Measure 1b -- Increased percentage aware of electric restructuring issues**



**Objective Measure #1c -- Increased number of "hits" on the PSC web page**



### Objective Measure #1c



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased percentage of Missourians with consumer knowledge adequate to make informed choices	<p>Increased number of Missourians knowledgeable about utility consumer rights</p> <ul style="list-style-type: none"> <li>-Percentage aware of OPC services Target: 30% by 7/1/01</li> <li>-Percentage aware of electric restructuring issues Target: 50% by 7/1/01</li> <li>-Number of hits on PSC web page Target: 12,500/month by 7/1/01</li> </ul>	<ul style="list-style-type: none"> <li>-Increase awareness among Missourians that OPC can provide information on utility consumer rights and advocate on behalf of utility consumers</li> <li>-Establish a public information section</li> <li>-Educate consumers through presentations to schools, and civic organizations on electric restructuring issues</li> <li>-Hold electric roundtables that address the issue as well as the use of media to educate consumers</li> <li>-Distribute outreach and education materials</li> </ul>

## **Strategic Issue #6 – Safe Missourians**

Overall, Missourians receive safe and reliable services from financial institutions, utilities, railroads, motor carriers, and other professionals regulated by the Department. However, there are areas in which Missouri consumers experience significant difficulty.

### Utilities

The Public Service Commission and the Office of the Public Counsel receive several thousands of calls from citizens each year, ranging from requests for information to serious disputes with their utility companies. The competitive telephone market has resulted in a significant number of incidents of slamming, cramming and unfulfilled commitments of service. In addition, consumers experience disruption of basic telephone services when a competitive phone company goes out of business unexpectedly.

### Finance

The current condition of Missouri State-chartered banks remains strong although the general trend in examination ratings is from “1” (best) to “2” (good). This trend may indicate a possible downturn in the combined condition of Missouri State-chartered banks. Increased risk taking in recent months has been noted as competition has heightened. Additionally, the rising interest rate environment of the past year has resulted in tightening cash flows for borrowers, some of whom will now face the possibility of being unable to service debts. This, of course, would cause a rising level of past due loans and an increased risk of loss to banks. Increased losses mean lower income and a general decline in the overall financial condition.

### Railroad

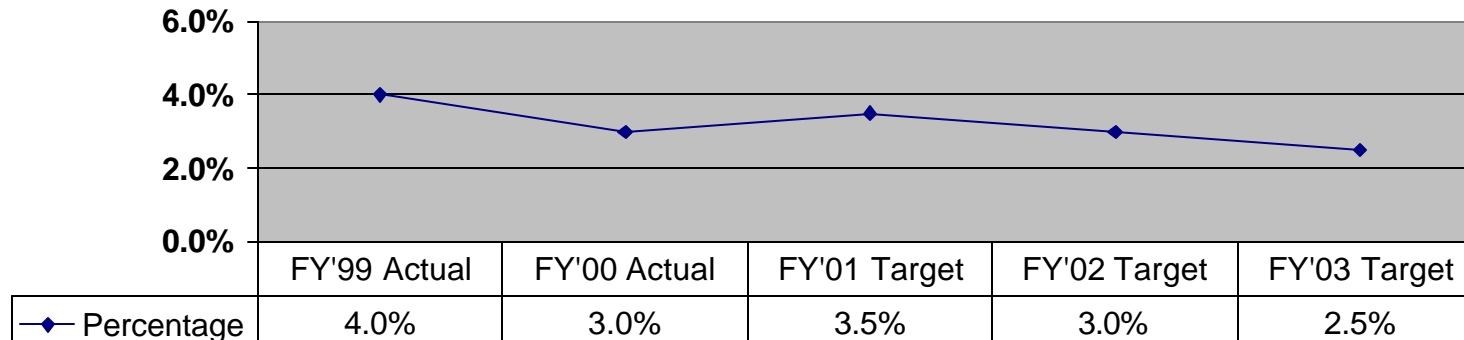
Train traffic volume is increasing in Missouri. Increased traffic results in greater wear on tracks and other equipment. Trains at crossings increase the number of potential accidents with motorists. Train traffic increases are causing crossings with relatively low motor vehicle counts to be included on the priority list for crossing improvements.

The Division of Motor Carrier and Railroad Safety is the oversight agency for the MetroLink light rail system in the St. Louis metropolitan area. Current and pending expansion projects are increasing the oversight responsibilities of the Division. In order to provide consistent regulation MCRS is the designated oversight agency for both Missouri and Illinois. An approximately 18-mile expansion in Illinois, scheduled to go into operation May 2001, will essentially double the track miles from the existing system. As a result, there will be a corresponding increase in the time required for inspections, etc. Construction soon will begin on a Missouri expansion which will increase the system’s track by another 8 miles. There are 3 additional expansions planned for the next 10 years. These expansions will double the current number of track miles from 18 to 36 by May 2001 and double that number again to 72 by May 2010.

## Goal #6 – Safe Missourians

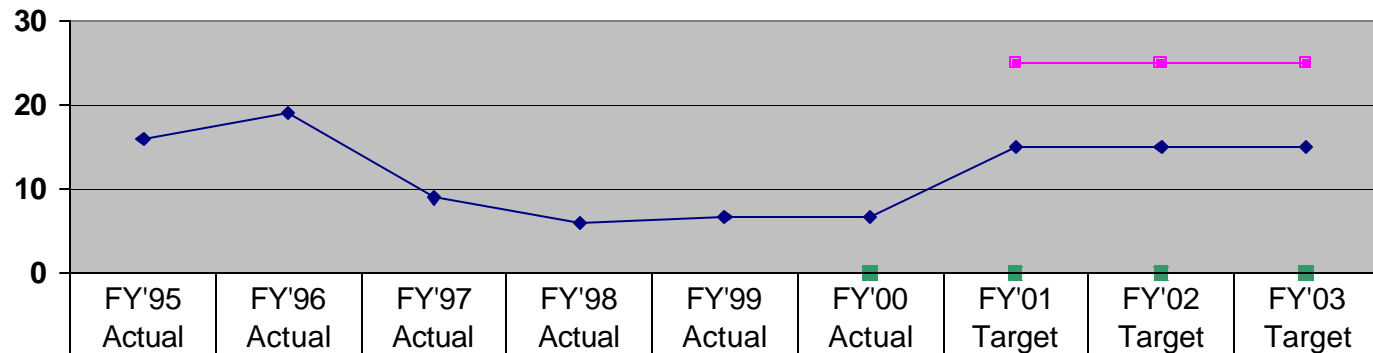
**OUTCOME:** Increase safe and reliable public and professional services.

### Objective Measure #1 -- Decreased percentage of manufactured homes that are improperly anchored and set-up in relation to total new homes sold



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Decreased number of service interruptions or defects in products and services provided by regulated businesses in Missouri	Decreased number of manufactured homes that are improperly anchored and set-up.  Target: Decrease to 3.5% by 7/1/01	-Conduct anchoring and set-up workshops for installers and dealers

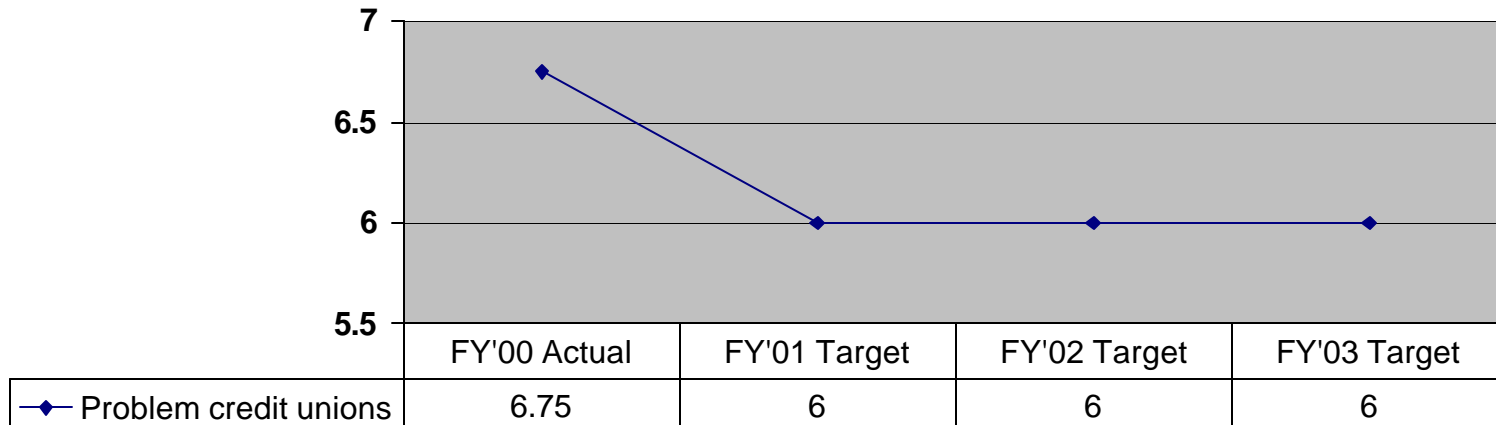
## Objective Measure #2 -- Decreased number of "problem" financial institutions



◆ Banks, savings & loans, trust companies	16	19	9	6	6.8	6.75	15	15	15
■ Consumer credit companies						Est.	25	25	25
▲ Mortgage brokers						Est.			
■ Certified capital						0	0	0	0

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased number of "problem" financial institutions.</p> <p>Target: Decrease to &lt;15 by 7/1/01</p>	<p>-Assess the health and identify corrective actions for state chartered banks, trust companies, consumer credit companies and certified capital companies</p> <p>-Maintain systematic program providing formalized training for all levels and classes of examiners</p> <p>-Financial modernization – monitor progress of any bills at national level and take appropriate action to ensure state laws/regulations are changed if needed to maintain competitive advantages to being a state chartered financial institution</p> <p>-Improve title loan lender and mortgage broker policies</p> <p>-Develop training manual for Consumer Credit Unit</p>

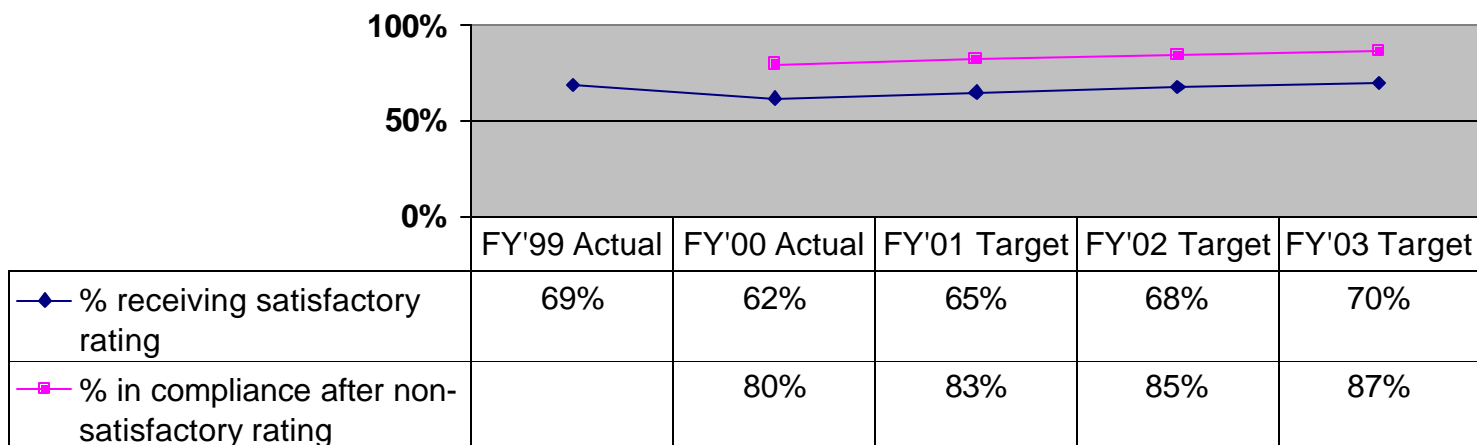
### Objective Measure #3 -- Decreased number of problem credit unions



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased number of problem credit unions.</p> <p>Target: Decrease to &lt;6 by 7/1/01</p>	<p>-Expedite field of membership expansion process</p> <p>-Increased review of problem Credit Unions</p>

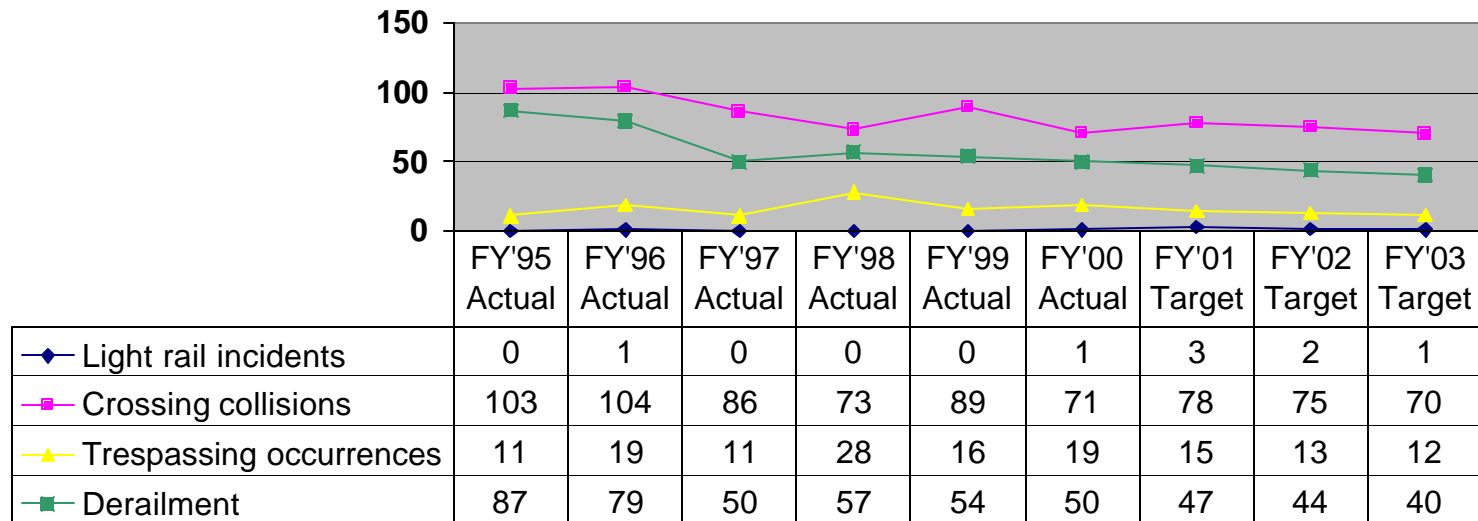


**Objective Measure #4 -- Increased compliance of motor carriers with safety regulations**



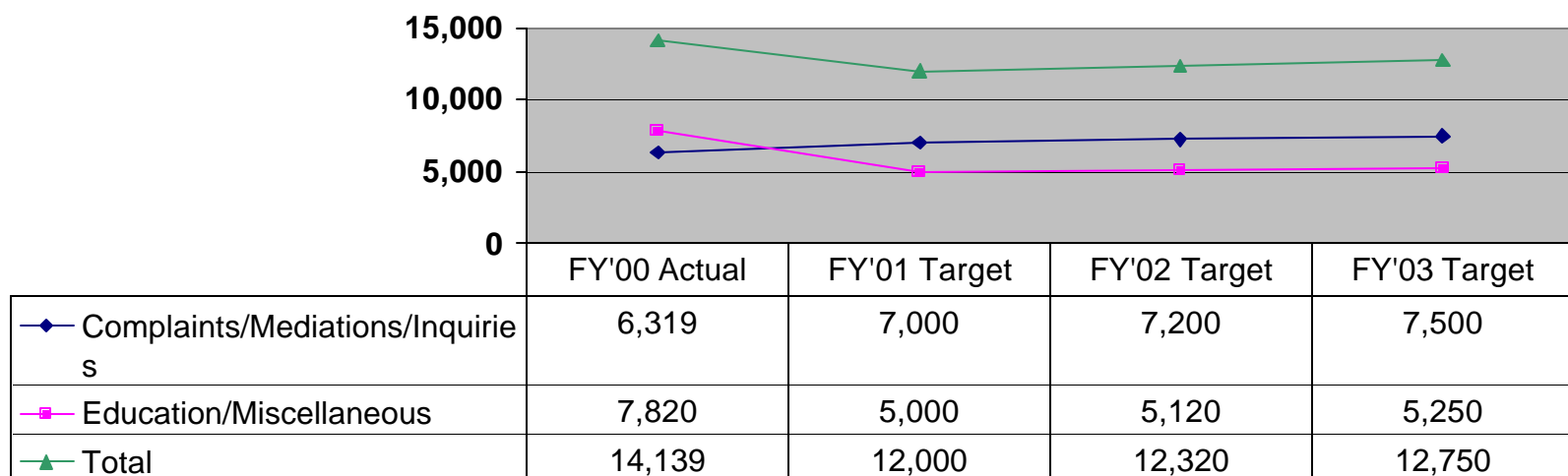
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	Increased percentage of motor carriers receiving satisfactory ratings.  Target: Increase to 65% by 7/1/01	
	Increased number of motor carriers brought into compliance after receiving a non-satisfactory safety rating.  Target: Increase to 83% by 7/1/01	-Increase motor carrier compliance reviews through federal funding from Motor Carrier Safety Assistance Program

**Objective Measure #5 -- Decreased number of rail incidents in Missouri**



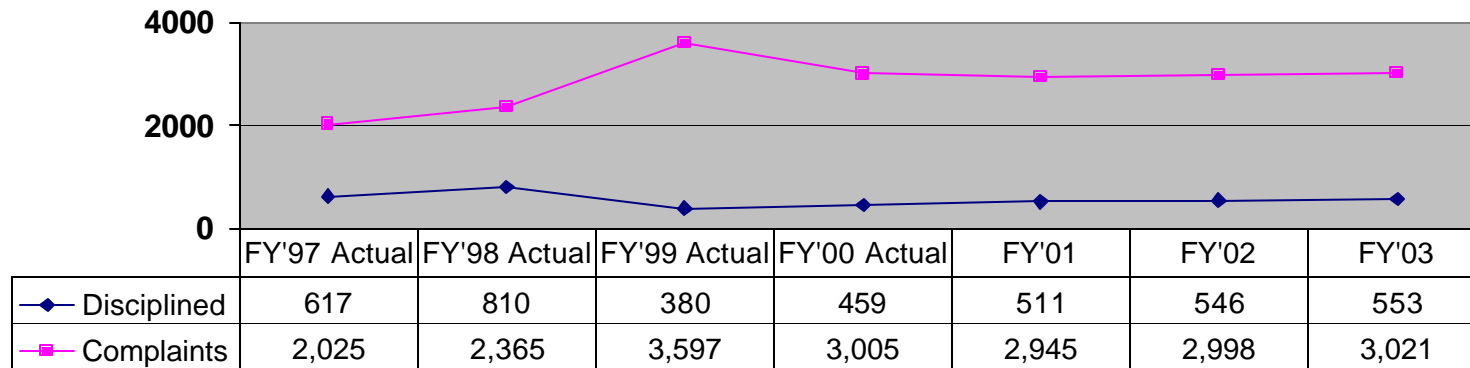
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased number of rail and light rail incidents.</p> <p>Target: Increase to 143 by 7/1/01</p>	<p>-Expand the capacity of MCRS to provide oversight for the Metro Link Light Rail System and to be involved in planning stage</p> <p>-Increase MCRS enforcement powers when trains block railroad crossing</p> <p>-Utilize public service announcements</p>

**Objective Measure #6 -- Increased number of consumer protection issues related to utilities resolved by PSC**



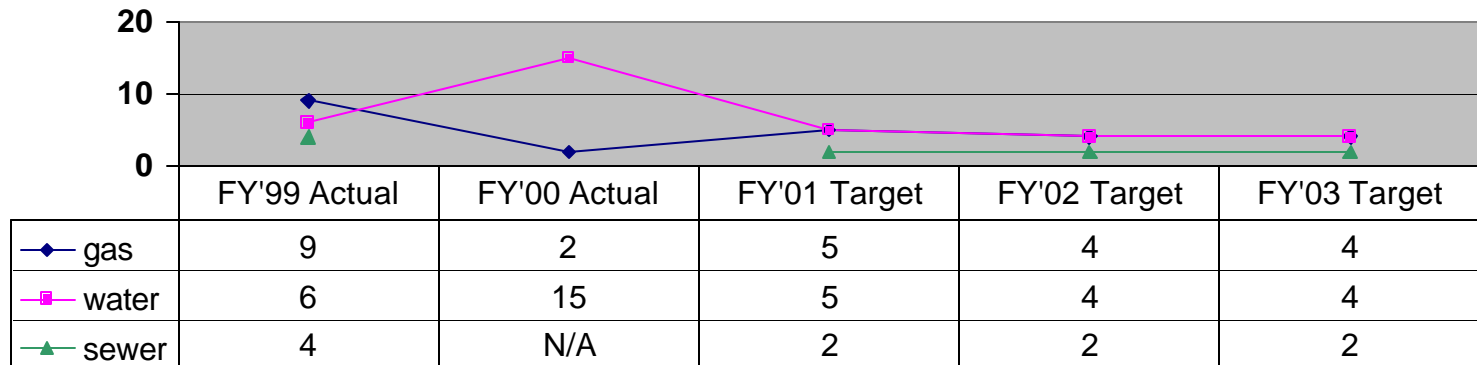
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Increased number of consumer protection issues related to utilities resolved by PSC.</p> <p>Target: Increase to 12,000 by 7/1/01.</p>	<p>-Consumer services department will proactively educate consumers by distributing educational materials. Public Information Office will develop educational campaign including various mediums such as print, radio and television.</p>

**Objective Measure #7 -- Decreased number of instances of  
incompetent, negligent, fraudulent, or dishonest services provided  
by Missouri regulated professionals**



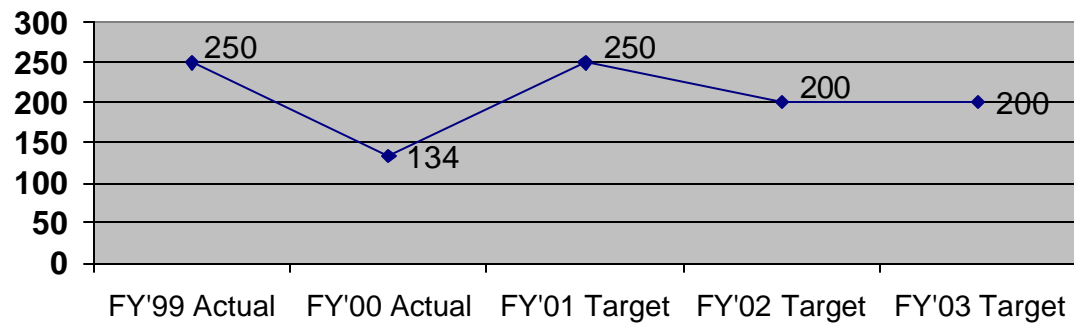
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Decreased number of instances of incompetent, negligent, fraudulent or dishonest services provided by Missouri regulated professionals.	<p>Decreased number of instances of incompetent, negligent, fraudulent, or dishonest services provided by Missouri regulated professionals. (tracked by profession)</p> <p>Target: 511 disciplined by 7/1/01</p>	

**Objective Measure #8 -- Decreased number of outages in each of the regulated utilities: electric, gas, water & sewer**



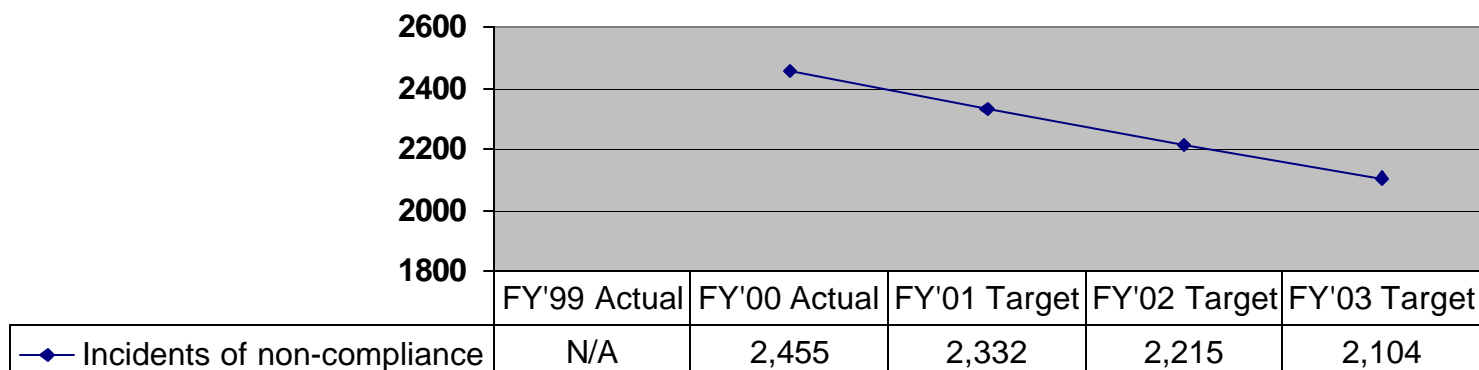
electric not available

**Objective Measure #8 -- Decreased number of outages in each of the regulated utilities: telecommunications**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased number of outages in each of the regulated utilities: electric, sewer, gas and telecommunications.</p> <p>Target: By 7/1/01</p> <ul style="list-style-type: none"> <li>• Electric – not available</li> <li>• Sewer – 2</li> <li>• Water – 5</li> <li>• Gas – 5</li> <li>• Telecommunications – 160</li> </ul>	<p>-Increase the number of underground utilities participating in the One-Call programs</p> <p>Targets: FY'01    FY'02    FY'03</p> <p>                 275        300        325</p>

**Objective Measure #9 -- Decreased number of incidents of non-compliance with federal housing standards**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased number of incidents of non-compliance with federal housing standards</p> <p>Target: Decreased to 528 by 7/1/01</p>	

## **Strategic Issue #7 – Responsible Government**

The administrative section of the Department provides support services for approximately 1600 employees housed in over 45 locations in Missouri. For the period FY'95 through FY'99 this was done at a cost of approximately 2 ½% of DED's total budget. This relatively low administrative cost allows more resources to be directed to program activities.

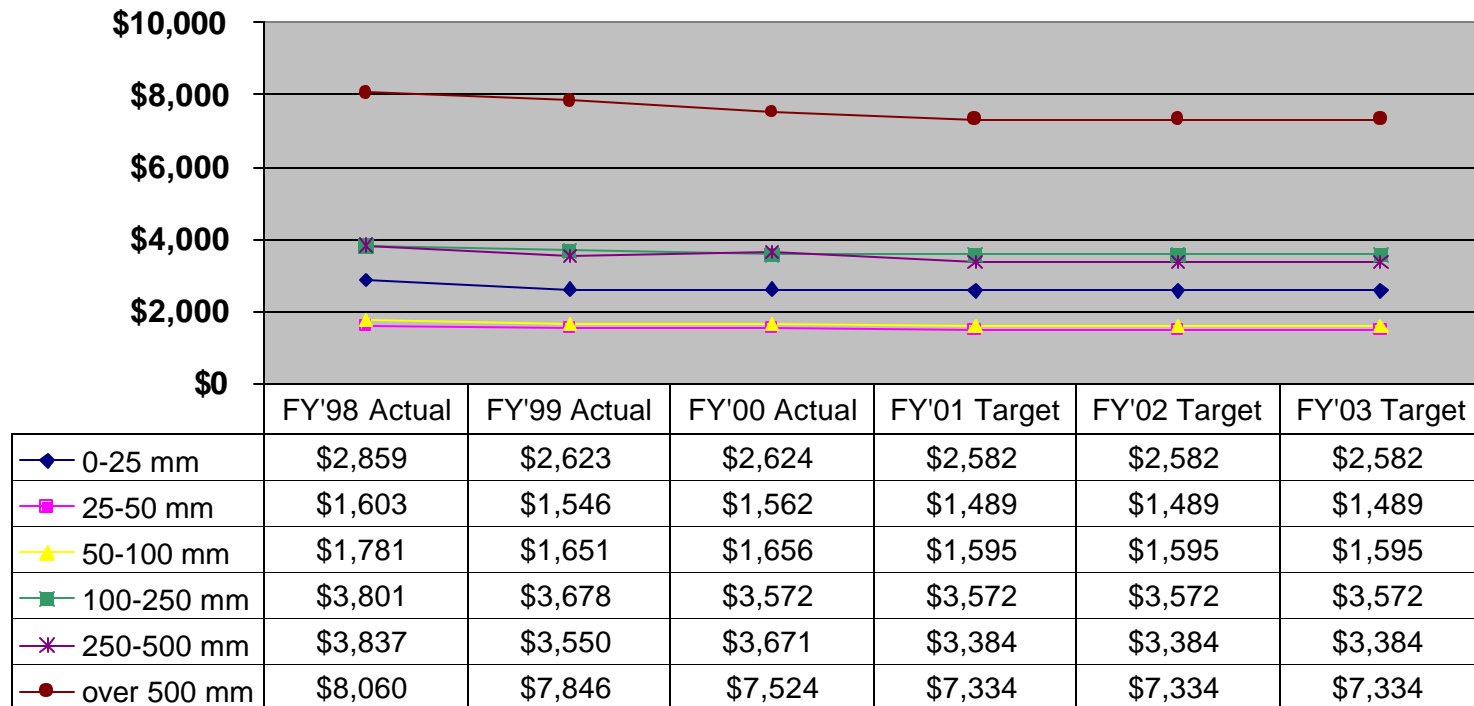
Customers incur costs to use the programs and products of state government through direct costs – fees – and indirect costs – time lost, either through time required to comply with regulations, complete applications, gather documentation, etc. The department strives to reduce costs to customers without compromising its regulatory and oversight functions. Divisions reduce costs to customers through simplifying applications, reducing cycle time, reducing on-site examination time, reducing duplication, and extensive use of technology.



## Goal #7 – Responsible Government

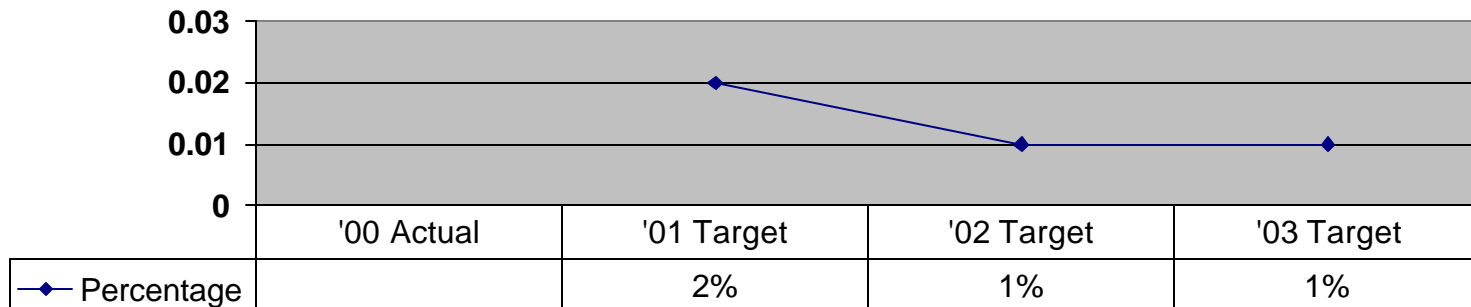
**OUTCOME:** Decrease the cost to comply with regulations.

### Objective Measure #1 -- Decreased average cost to comply with Division of Finance regulations for banks and savings and loans



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Decreased ratio of state government operating expenditures to Missouri personal income. (Show Me Result #22)	Decreased average cost to comply with Division of Finance regulations for banks and savings and loans.  Target: Decrease by 7/1/01 Bank size: 0-25mm \$2,582 25-50mm \$1,489 50-100mm \$1,595 100-250mm \$3,572 250-500mm \$3,384 over 500mm \$7,334	-Implement recommendations from the “Indirect Examination Costs Team” to reduce indirect costs to banks -Implement recommendations from the “Asset Discussion Team” -Continuous monitoring of competitor fees to ensure Division of Finance fees are not higher than those of competing financial institutions chartering agencies -Maintain close working relationships with our partners, the FDIC, FRB and CSBS -Utilize examination tools available to streamline examination process wherever possible to maintain overall efficiency measures equal to or better than those of 1996 ( 1 and 2 rated banks) -Maintain Division web site as a useful tool for our customers

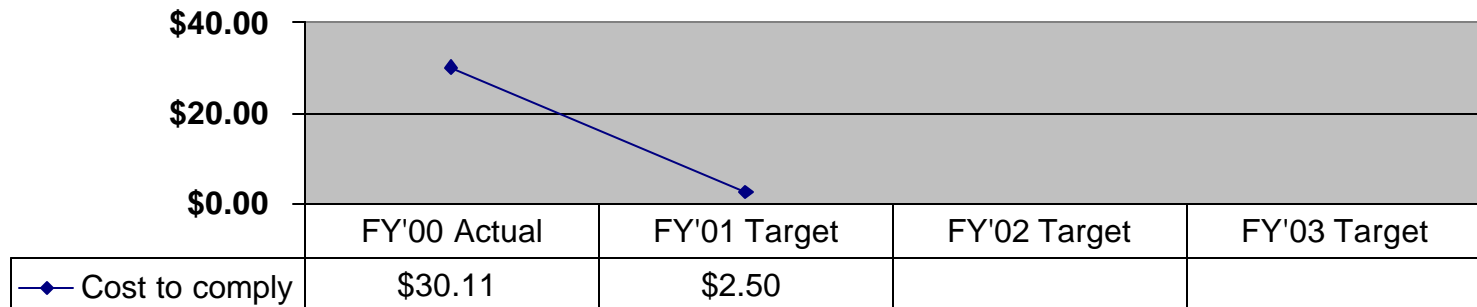
**Objective Measure #2 -- Decreased average cost to comply with  
Division of Credit Unions regulations for credit unions**



**Graph based on calendar year**

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased average cost to comply with Division of Credit Unions regulations for credit unions (Reduce on site examination hours for standard and ordinary supervision).</p> <p>Target: Decrease by 2% by 7/1/01</p>	<p>-Continue procedures which allow for certain examination tasks to be performed off-site, when appropriate</p> <p>-Identify areas of increased efficiency in new examination program</p>

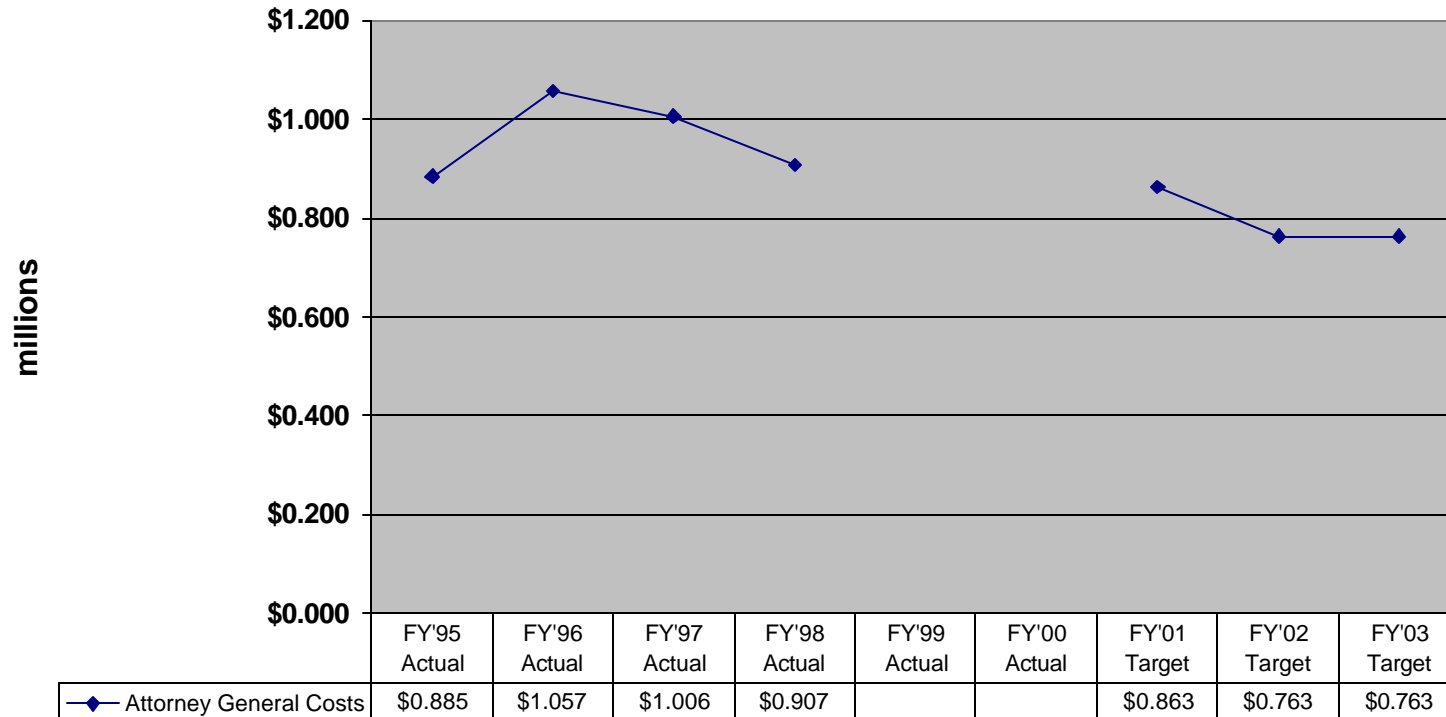
### Objective Measure #3 Decreased cost to comply with MCRS regulations



EVA Signal Pilot Project

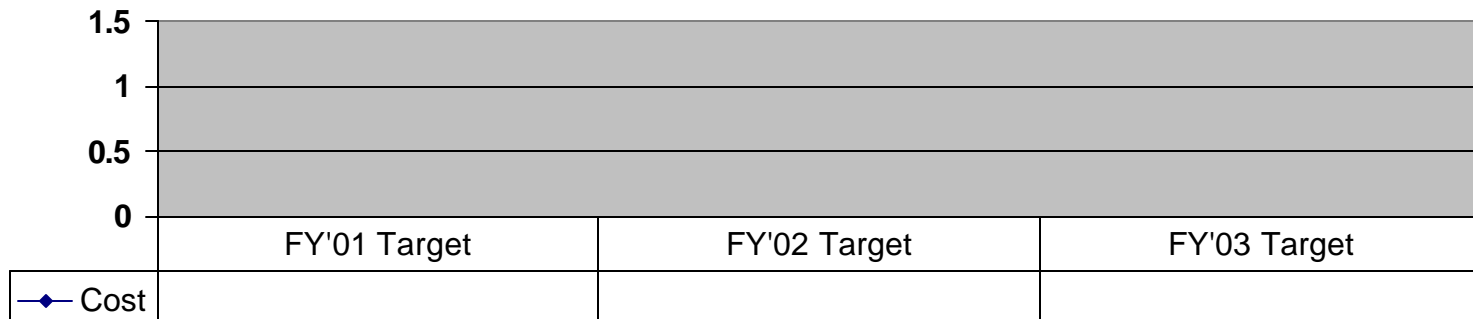
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased cost to comply with MCRS regulations.</p> <p>Target: Decrease to \$2.50 by 7/1/01</p>	-EVA signal pilot project

**Objective Measure #4 -- Decreased cost to comply with Division of Professional Registration regulations**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	Decreased cost to comply with Division of Professional Registration regulations.  Target: Decrease by \$6,909 by 7/1/01	

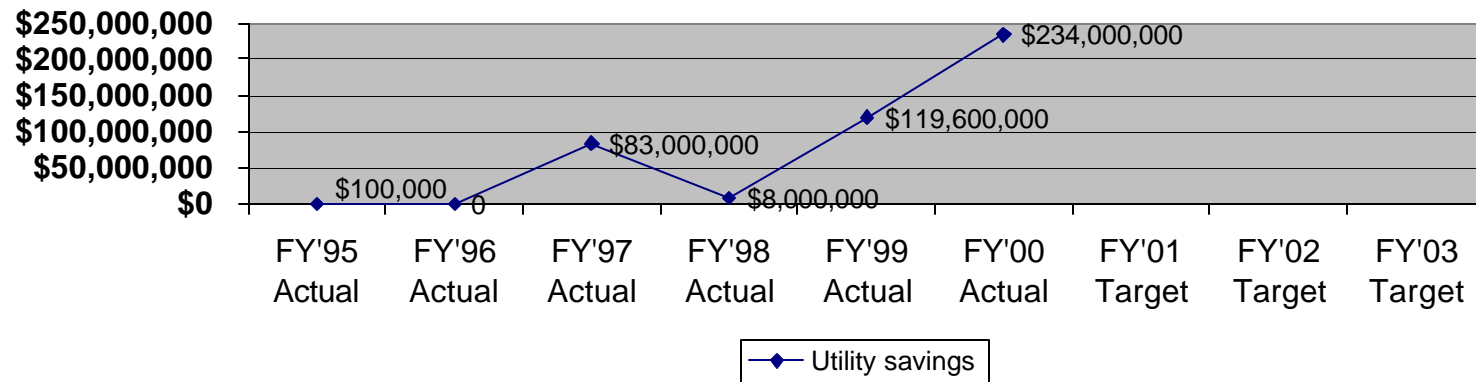
**Objective Measure #5 -- Decreased average cost to comply with PSC regulations**



Establishing baseline, data will be available in FY'02 after new IT system is on-line

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased cost to comply with PSC regulations.</p> <p>Target: Decrease by \$385,000 by 7/1/01</p>	<p>-Implement PSC automated system to allow for electronic filings and increase PSC efficiency/productivity through electronic work flow processing</p>

### Objective Measure #6 -- Increased utility savings to Missouri consumers

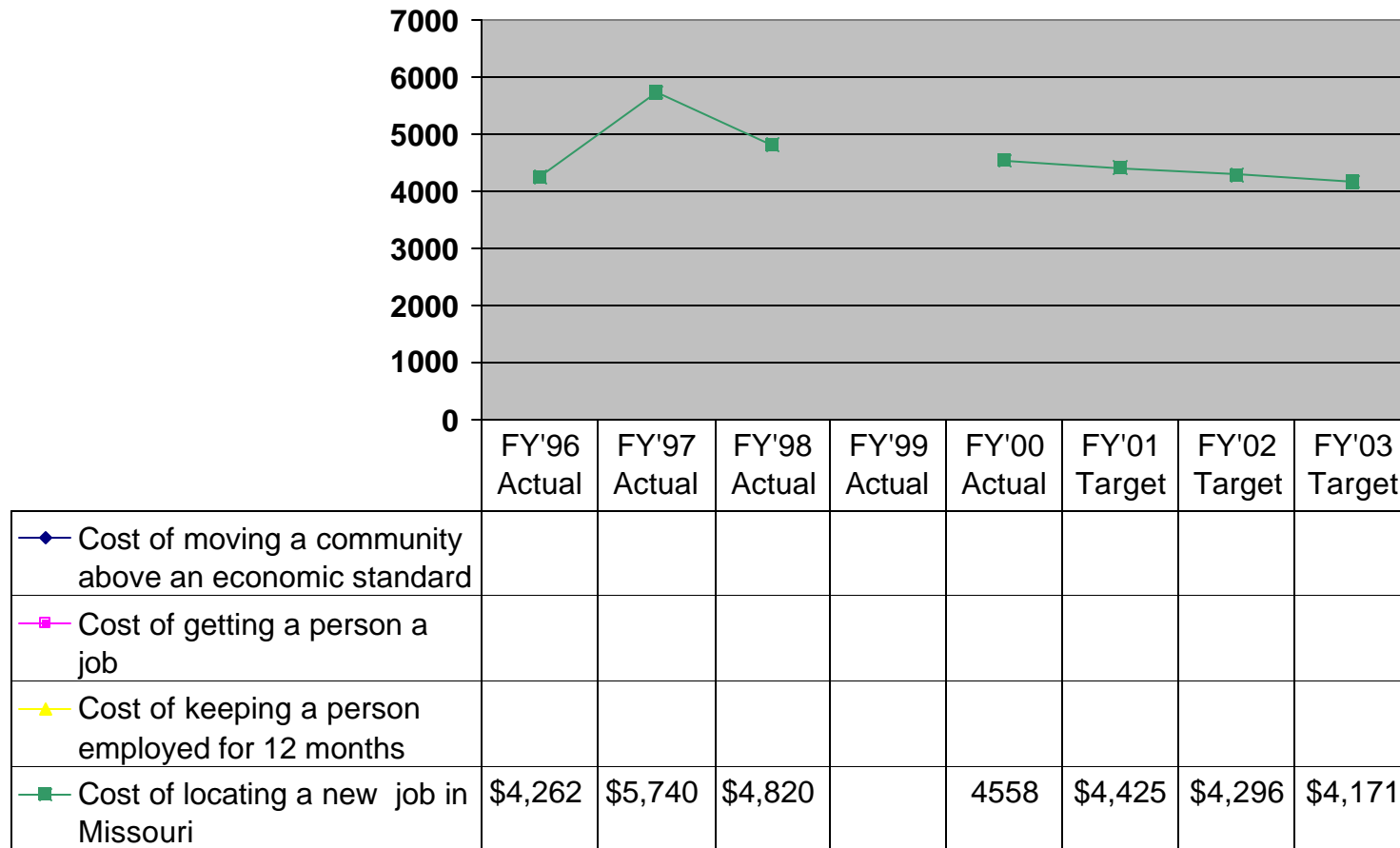


OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	Increased utility savings to Missouri consumers (federal).	
	Target: TBD	

\*Dependent on utility filings

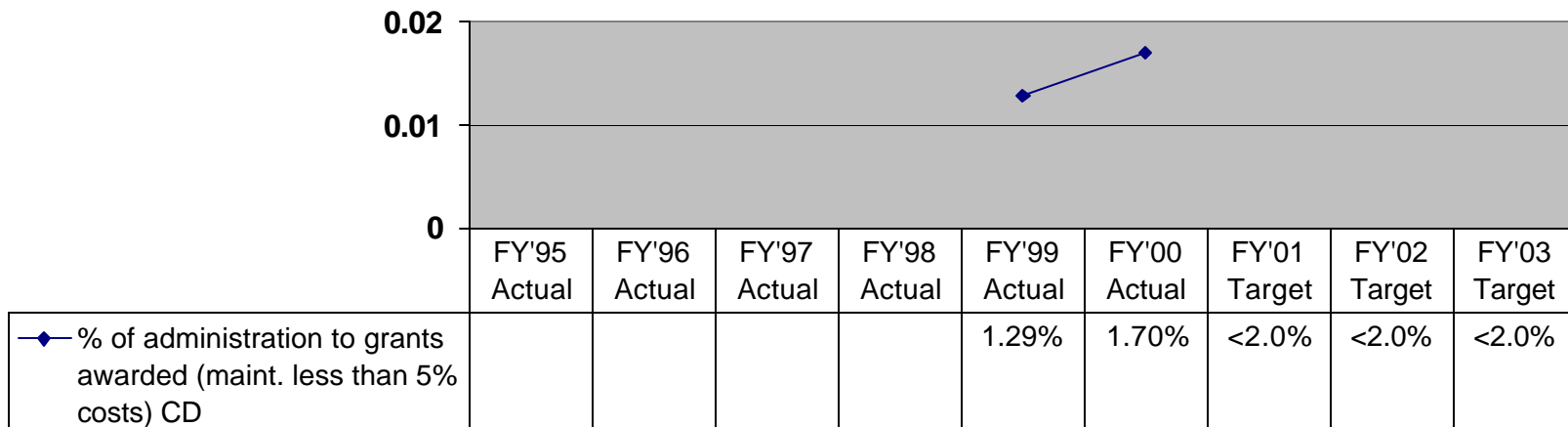
**OUTCOME:** Increase effective and efficient operation of state government

**Objective Measure #1 -- Decreased average cost of achieving a result (Graph 1)**

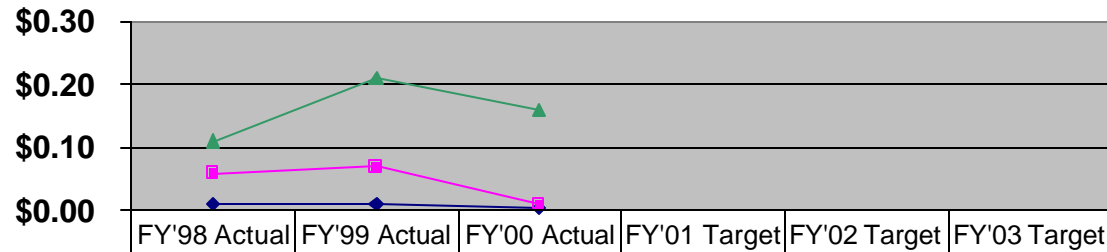




**Objective Measure #1 -- Decreased average cost of achieving a result  
(Graph 2)**



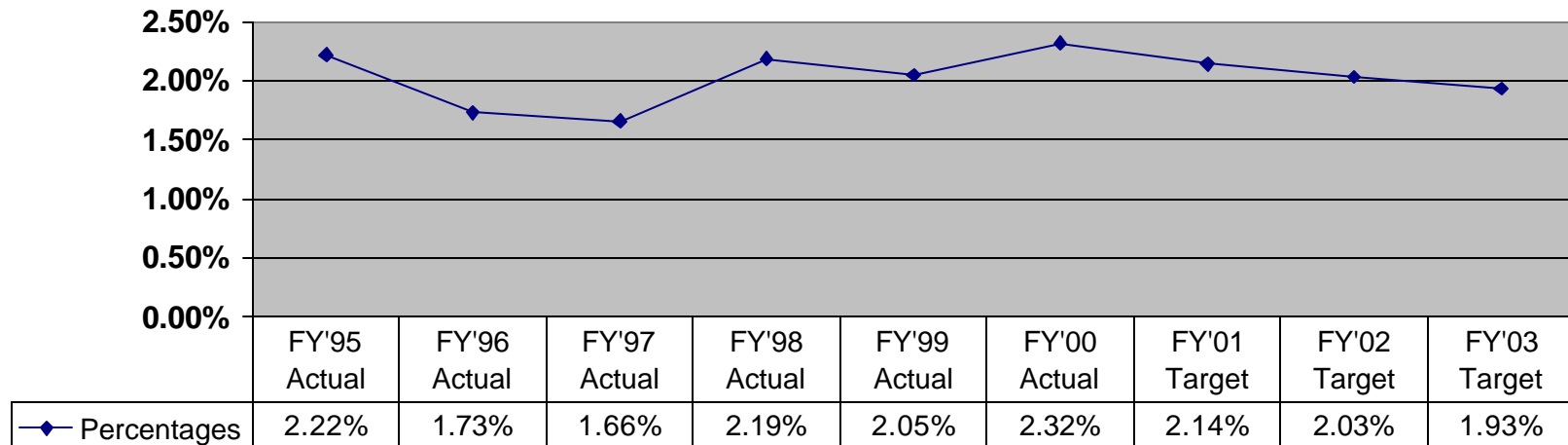
**Objective Measure #1 -- Decreased average cost of achieving a result (Graph 3)**



—◆— cost to generate \$1 of sales	\$0.01	\$0.01	\$0.005			
—■— cost to generate \$1 of investment	\$0.06	\$0.07	\$0.01			
—▲— cost to generate \$1 in cost savings	\$0.11	\$0.21	\$0.16			

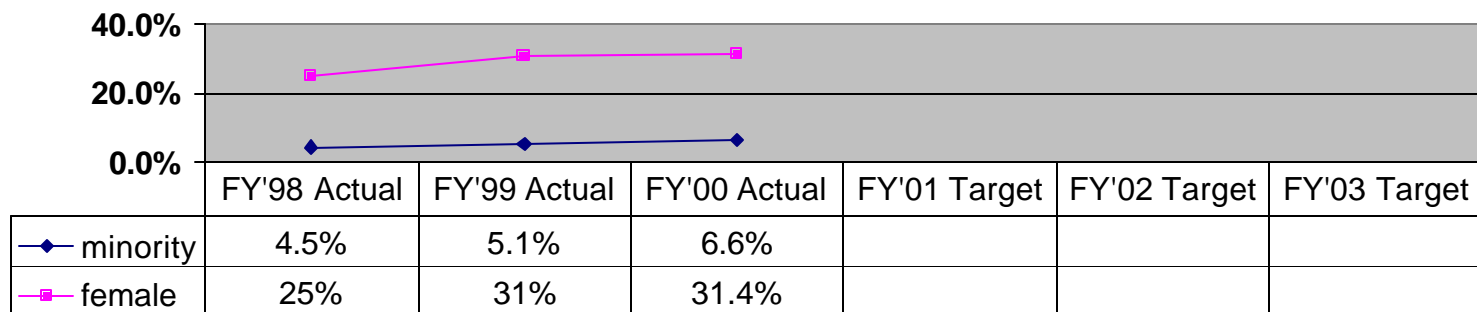
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Decreased ratio of state government operating expenditures to Missouri personal income. (Show Me Result #22)	Decreased average costs of achieving a result.  Target: TBD	

**Objective Measure #2 -- Decreased percentage of centralized  
administrative expenditures of total DED expenditures**



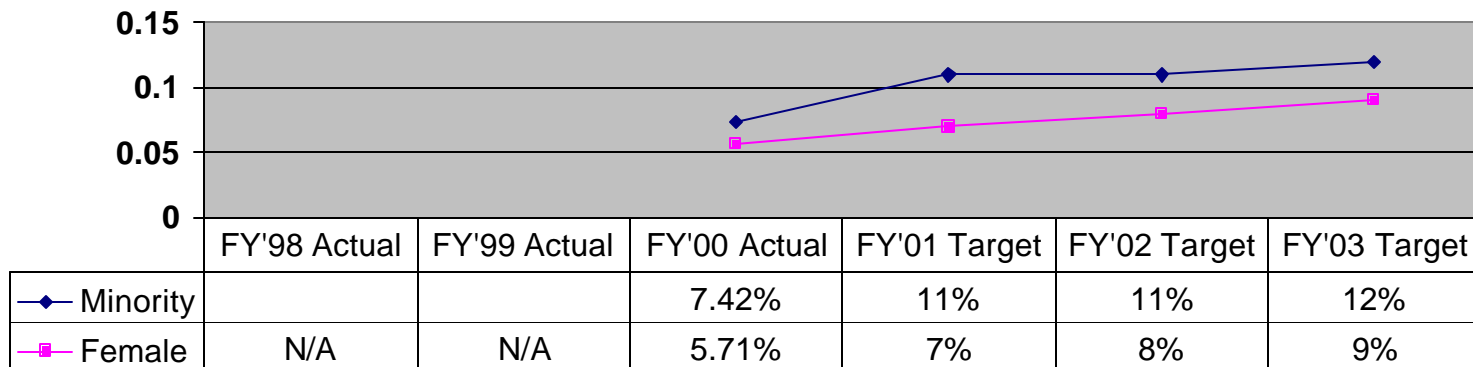
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
	<p>Decreased percentage of centralized administrative expenditures of total DED expenditures.</p> <p>Target: Decrease by 2.14% by 7/1/01</p>	

**Objective Measure #3 -- Increased percentage of minority and female state employees in upper level salary ranges in DED**



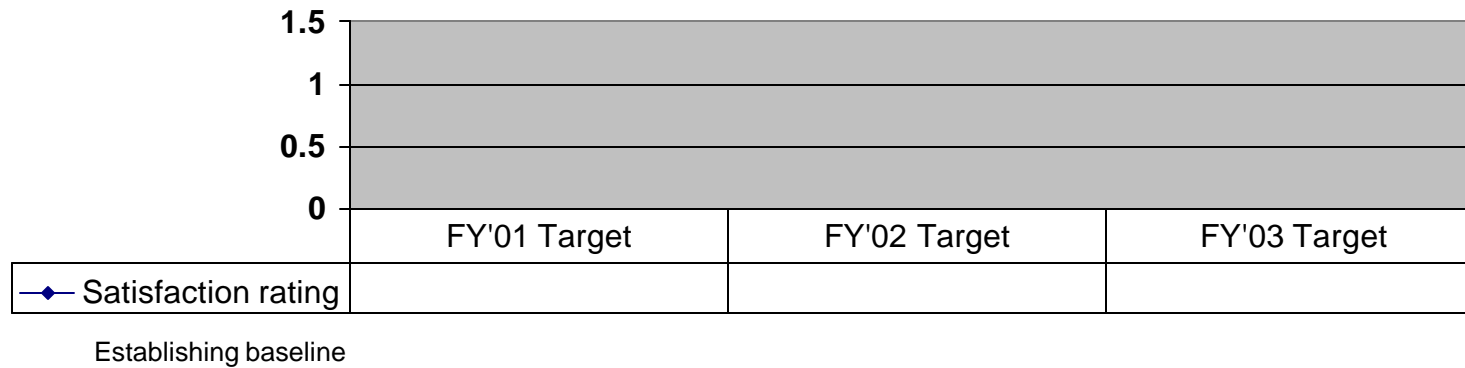
OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased representation of minorities and women in upper level salary ranges in state government and in state purchasing. (Show Me Result #24)	Increased representation of minorities and women in upper level salary ranges in DED government and in DED purchasing.  Target:	-Provide information on employment opportunities within DED to organizations for minorities and women

**Objective Measure #4 -- Increased percentage of purchases from minority and female owned businesses by DED**



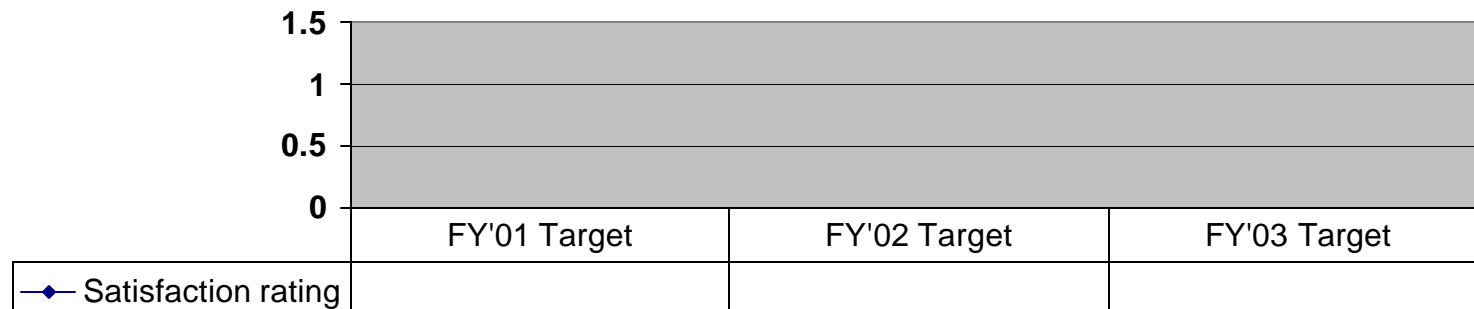
Outcome Measure	Objective Outcome	Strategies
	Increased percentage of purchases from minority and female owned businesses	

**Objective Measure #5 -- Increased customer satisfaction rating with  
the Department of Economic Development**



OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased customer satisfaction rating with DED.	<p>Increased customer satisfaction rating with DED.</p> <p>Target: TBD</p>	<p>-Send out customer satisfaction survey to licensees and board members of Professional Registration</p> <p>-Establish a baseline measure of consumer satisfaction with Division of Finance handling of consumer complaints</p> <p>-Consumer information brochure published by Professional Registration</p> <p>-To maintain a responsive environment for phone requests/contacts from licensees, the public and other governmental agencies --- Professional Registration</p> <p>-Increase the efficiency and effectiveness of the MCRS operation by reducing by 66% turnaround time to process compliance reviews and issue safety ratings (currently 21 days, FY'01 to 7days)</p> <p>-Direct upload system MCRS</p> <p>-Survey MCRS staff to evaluate knowledge of customer service, job satisfaction and job needs</p>

**Objective Measure #6 -- Increased employee satisfaction rating with the Department of Economic Development**



**Establishing baseline**

OUTCOME MEASURE	OBJECTIVE MEASURE	STRATEGIES
Increased employee satisfaction rating with DED.	<p>Increased employee satisfaction rating with DED</p> <p>Target: TBD</p>	<ul style="list-style-type: none"> <li>-Produce 100% accurate payroll each cycle</li> <li>-Create a mailrooms site on DED intranet</li> <li>-Improve communications about H.R. policies and procedures</li> <li>-Develop a mail center survey</li> <li>-Improve expense account turnaround</li> <li>-Monitor vehicle maintenance</li> <li>-Improve vendor payment turnaround</li> <li>-Improve help desk response and resolution time and quality</li> <li>-Produce 100% network up time</li> <li>-Improve first call resolution</li> <li>-Provide safe cars for staff</li> <li>-Provide timely and accurate mail delivery</li> </ul>